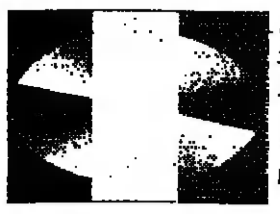

Bribery in Belgium
Accusations fly in helicopter scandal
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Section III

FINANCIAL TIMES

Europe's Business Newspaper — WEDNESDAY JANUARY 26 1994

Germany faces strikes over pay talks deadlock

Germany's engineering industry faced labour conflict after wage talks ended in deadlock in two key regions. Union negotiators warned "massive" token strikes were likely from next Monday after engineering employers refused to move from their insistence on a wage freeze and a cut in holiday entitlements for the 3.4m members of IG Metall, the engineering workers' union. IG Metall president Klaus Zwickel warned that his members were gearing up for a "major social conflict". Page 14; Government bonds, Page 21

International Business Machines reported a small profit for its fourth quarter, after six consecutive quarters of losses. Yet with revenues and gross profit margins still declining, the results provided little evidence of a turnround. Page 15

S Africa election talks stumble: Talks between rightwing leaders, the South African government and the African National Congress appear to have broken down, increasing the chances that the Inkatha Freedom party will boycott April's all-race elections. Page 4

Lira crisis undermines Ciller policies

Turkey's currency crisis intensified as the lira slipped further on foreign exchanges, dropping 4 per cent from Monday's close. The fall, which followed a run on the currency last week, was another rebuff to the government of prime minister Tansu Ciller (left), who has followed a low interest rate policy since taking office last June. Page 2

Hopes rise of Mideast breakthrough: Israeli and Palestinian negotiators met in Cairo last night to try to break the deadlock over implementing their self-rule agreement. PLO leader Yassir Arafat said the negotiations would go on beyond today if necessary.

Spanish rate cut: Two days before Spain's unions plan to implement a 24-hour general strike, the Bank of Spain boosted the stock market and the peseta with a quarter-point cut that brought the benchmark intervention rate down to 8.75 per cent. Page 14; González set to face down unions, Page 2; Currencies, Page 34

General Electric of the US is moving the manufacture of lighting products from plants in western Europe to its Tungsram subsidiary in Hungary, making it the company's principal European manufacturing base. Page 15

Japan trade links with China grow: Trade between Japan and China rose by 31 per cent last year to $37.8bn, making China Japan's second largest trading partner after the US. Page 6

Rafsanjani under pressure: Iran's president Ali Akbar Hashemi Rafsanjani is facing mounting criticism at home as the economy continues to suffer from weak international oil prices. Page 4

Britain faces more 'green' taxes: UK prime minister John Major warned more "green" taxes could be on the way when he unveiled a policy statement on safeguarding the environment. Page 14; Editorial Comment, Page 13

Japanese drug price cuts: Japan's health ministry, under pressure to contain spending, angered domestic and overseas drugs groups with a decision to further cut the prices of some medicines. Page 4

Bock scores Lonrho victory: Dieter Bock won an important victory in the battle against fellow chief executive Tiny Rowland for control of the Lonrho board when the company said four of Mr Rowland's closest board room allies would retire. Page 15; Lex, Page 14

Mexican rebels set conditions: Rebels in Mexico's southern state of Chiapas have set out conditions for ending their armed struggle, proposing that any negotiations focus on the plight of the state's indigenous peoples and the political rights of all Mexicans. Page 3

UK offer on Falklands oil: The British government has indicated its readiness to allow Argentine companies to help develop oilfields off the Falkland islands, provided they acknowledge that any oil extracted belongs to Britain. Page 3

Portuguese pay dispute: A one-day strike by Portuguese public sector workers over the government's 1994 pay offer closed schools, cut hospital services, and halted many bus services.

■ STOCK MARKET INDICES

FT-SE 100:	3444.0	(-37.4)
Yield	3.42	
FT-SE Eurotrack 100	1485.10	(+2.99)
FT-SE-A All-Share	1728.56	(-0.8%)
Nikkei	18,648.36	(+295.12)
New York lunchtime:		
Dow Jones Ind Ave	3894.78	(-18.01)
S&P Composite	470.54	(-1.43)

■ US LUNCHTIME RATES

Federal Funds:	3%
3-mo Treas Bills: Yld	2.983%
Long Bond	99½
Yield	6.308%

■ LONDON MONEY

3-mo Interbank	5⁷⁄₁₆%	(Same)
Liffe long gilt future:	Mar 119⅝	(Mar 119⅝)

■ NORTH SEA OIL (Argus)

Brent 15-day (Mar)	$14.14	(14.01)

■ Gold

New York Comex (Feb)	$381.6	(381.4)
London	$382.30	(380.25)

■ STERLING

New York lunchtime:		
$	1.4945	
London:		
$	1.494	(1.496)
DM	2.6187	(2.6185)
FFr	8.8759	(8.8828)
SFr	2.1955	(2.1905)
Y	166.066	(167.29)
£ Index	82.6	(82.6)

■ DOLLAR

New York lunchtime:		
DM	1.75215	
FFr	5.9415	
SFr	1.46935	
Y	111.07	
London:		
DM	1.7528	(1.7504)
FFr	5.941	(5.9377)
SFr	1.4695	(1.4643)
Y	111.155	(111.825)
$ Index	67.5	(Same)

Tokyo close Y 111.55

Austria	Sch32	Greece	Dr350	Lux	LFr65	Qatar	QR13.00
Bahrain	Din1.250	Hong Kong	HK$18	Malta	Lm0.60	S.Arabia	SR11
Belgium	BFr65	Hungary	Ft185	Morocco	MDh15	Singapore	S$4.30
Bulgaria	Lw25.00	Iceland	IKr215	Neth	Fl 4.00	Slovak Rp	KSL50
Cyprus	C£1.10	India	Rs60	Nigeria	Naira50	South Africa	R12.00
Czech Rp	CZk50	Israel	Shk6.90	Norway	NKr17.00	Spain	Pta225
Denmark	DKr16	Italy	L3000	Oman	OR1.50	Sweden	SKr16
Egypt	E£5.00	Japan	Y500	Pakistan	Rs40	Switz	SFr3.30
Finland	FM14	Jordan	JD1.50	Philippines	Pso50	Syria	S£50.00
France	FFr9.00	Kuwait	Fils.625	Poland	Zl 32,000	Tunisia	Din1.500
Germany	DM3.50	Lebanon	US$1.50	Portugal	Es225	Turkey	L10000
						UAE	Dh12.00

Date remains in doubt for the removal of passport controls

Fresh delay on EU borders

By Andrew Hill in Brussels

Travellers in continental Europe will not be able to cross borders without passports from next month as planned, nine European Union countries decided yesterday.

The nine members of the Schengen free-travel accord – named after the Luxembourg village where it was signed – abandoned attempts to set a deadline for the abolition of passport controls, amid mutual recriminations about who was to blame for the latest and most serious delay.

Senior officials from the Schengen group of countries – all 12 EU members except Britain, Denmark and Ireland – agreed yesterday that their governments would not be able to meet the most recent target date of February 1 for ending passport controls.

They refused to set another deadline, on the ground that they could not predict when the Schengen zone's computer system – which is intended to link up immigration and police authorities – would be running efficiently enough to replace border surveillance. No solution is thought likely to be found before the second half of the yearat the earliest.

Sema, the Anglo-French computing services group, angrily dismissed reports that the Strasbourg-based central computer was to blame for the delay. Sema accused national governments of not making their national computer systems compatible. A consortium of Sema, the French computer group Bull, and Siemens-Nixdorf of Germany has been working on Schengen's central system.

Members of the Schengen accord originally intended to beat the EU's deadline of January 1 1993 for abolishing all controls at internal land, sea and airport frontiers. Since then, they have set and missed three further deadlines. Most controls at land borders have been abolished, but airports in particular have maintained passport checks.

Yesterday's decision leaves the EU's ambition to end internal passport controls in shreds. The European Commission has pledged to enforce what it says is a legal obligation for all EU countries to lift controls, and faces legal action from the European Parliament in the European Court of Justice for its alleged failure to put pressure on member states.

Mr Raniero Vanni d'Archirafi, internal market commissioner, had hoped that the Schengen countries would show the way to Britain, Denmark and Ireland, which have resisted the full abolition of passport controls.

Agence France Presse reported yesterday that Mr Bernd Schmidbauer, state secretary at the German chancellery, had blamed Sema itself for failing to remedy system software troubles. Germany chairs the Schengen group until the end of June. Sema officials said the central computer had been ready for testing on September 15, but some national systems were unprepared. "We're like someone who has built an engine, but we need the wheels to test the engine," said one.

Schengen officials in Brussels said yesterday they expected to be ready to take a decision on passport controls "at the end of the German presidency" of the Schengen group in June, but they emphasised that that was not a new deadline.

"We have concluded that we have no possibility of giving a time for the moment border controls will be lifted," said one official, who also blamed the Strasbourg computer for the delay.

Schengen ministers are due to meet in June, to discuss progress, and may have a special meeting by the end of March.

Euro Citizen Action Service (Ecas), which is also threatening legal action, is setting up a telephone "hotline" next week to field complaints about border control difficulties.

Japan's economic outlook revised downward

By William Dawkins in Tokyo

Japan's politicians were yesterday confronted with official evidence that the country's economy continues to worsen as they engage in a protracted squabble over government proposals to reform the corruption-prone electoral system.

Economic conditions are now "sluggish overall," according to the latest report from the Economic Planning Agency, the government forecaster. This represents another downward revision since an optimistic claim last June that the downturn had bottomed out.

The change, from the EPA's previous report that there were both positive and negative signs, adds renewed urgency to the government's attempts to produce an economic stimulus package, delayed by the crisis over political reform.

It also raises pressure on the Bank of Japan to ease monetary conditions, as demanded by a worried Keidanren, the powerful business federation.

A parliamentary panel has scant chance of striking a deal on an electoral system in time for the full Diet to vote on it before its session ends Saturday.

Mr Morihiro Hosokawa, the prime minister who heads a fragile seven-party coalition, has hinted he will resign if the measures fail. But the severity of the recession is prompting calls for him to minimise disruption by staying on whatever happens.

Mr Hiroshi Kumagai, international trade and industry minister, said yesterday the government planned to decide on a rough outline of an economic stimulus package by February 10, the day before Mr Hosokawa is due to meet US president Bill Clinton in Washington.

The EPA's leading business index, a measure of economic prospects over the months ahead, stood at 30 in November, its seventh month below 50, the dividing line between growth and decline. November's figure was up on October's 27.5. But two important components of the November index declined.

Continued on Page 14

Spain's private banks uneasy over Banesto rescue

By Tom Burns in Madrid and John Gapper in London

Opposition is growing among Spain's private banks to making a large contribution to the rescue of Banco Espanol de Credito, despite efforts by Mr Luis Angel Rojo, the Bank of Spain's governor, to gain their support.

Mr Rojo met the chairmen of the top five private banks yesterday to present them with proposals drawn up by Banesto's management on relaunching the bank following intervention by the central bank a month ago.

The Spanish Banking Association said the latest estimate of the over-valuation of Banesto's assets was Pta605bn ($4.23bn). This compares with an estimate of Pta 675bn by a Banesto spokesman last week.

Bankers said the private banks could be asked to give up to Pta200bn ($1.4bn) to Spain's Deposit Guarantee Fund. This would underwrite a capital increase, although the equity might eventually be floated.

The banks may also be asked to provide up to Pta150bn, with the Bank of Spain matching that amount, to acquire Banesto's non-performing loans.

Madrid bankers say the troubled bank will contribute to its own rescue by allocating all its Pta245bn reserves into provisions and reducing the nominal value of its shares from Pta700 to Pta500 to raise an extra Pta35bn.

Under the draft plan disclosed by the bank last week, Banesto's capital increase would have been Pta120-Pta150bn and the acquisition of bad debts, to be shared with the Bank of Spain, would have represented at most Pta200bn.

The Bank of Spain report triggering its intervention put Banesto's gross financing needs at Pta503bn. The latest Pta605bn figure is only an estimate, and could climb further.

The private banks believe that too much money is being set aside to refloat Banesto, and that they are being required to carry an excessive burden of the proposed outlay.

While the banks are prepared to help Banesto's restructuring they are unwilling to participate

Continued on Page 14

Waiting for 'super dinar'

Belgrade residents crowd in front of a counter to pick up their pensions in new 'super dinars'. Yugoslavia has introduced this convertible dinar, which is worth one D-Mark, in a bid to halt crippling hyper-inflation. There is no end in sight to the turmoil in western policy on Bosnia, Page 12 Picture Reuter

Bonn agrees telecom and post sell-off

By Ariane Genillard in Bonn

The way has been cleared for the privatisation of Germany's telecoms and postal services after the liberal Free Democrats (FDP), the junior party in the Bonn coalition, abandoned demands that the postal monopoly should be broken up for the sale.

The privatisation bill for Deutsche Telekom, the national telecoms operator, the German postal services and the Postbank, now has the formal backing of all German parties, including the opposition Social Democrats (SPD). The SPD votes are needed for the bill to pass through parliament. A first reading is scheduled for next week.

The Free Democrats had earlier insisted that the privatisation bill should specify when the monopolies of the postal services and of the telephone infrastructure would end. However, the bill will specify that Deutsche Telekom will lose its monopoly only on telephone voice services on January 1 1998, to comply with a European Union decision to liberalise voice telephony by then.

The SPD has fiercely opposed the break-up of the lossmaking

Continued on Page 14

MCI and Banacci in $1bn Mexican telecoms venture

By Martin Dickson in New York

MCI Communications, the innovative US long-distance telecommunications group, and Grupo Financiero Banamex-Accival (Banacci), Mexico's largest financial group, joined forces yesterday to compete in the Mexican long-distance market, which is being thrown open to new entrants from August 1996.

They announced the establishment of a joint venture, owned 55 per cent by Banacci and 45 per cent by MCI, to compete against the national carrier, Telmex.

Initially capitalised at $1bn, the venture will apply for a Mexican long-distance licence and build a state of the art fibre-optic telecommunications network.

Banamex, a subsidiary of Banacci and Mexico's largest commercial bank, provides private telecommunications services to Mexican businesses using its own communications network.

MCI, in which British Telecom is buying a 20 per cent stake, has played the leading role in opening up the US long-distance market to competition over the past 20 years. Earlier this month it announced plans to compete in the monopolistic local US market and extend its long-distance reach under the brand name, networkMCI.

MCI said the Banacci deal was a key international element in the networkMCI scheme and would allow the company to complete the first integrated North American network, providing services with identical features to customers throughout the region.

In 1992 MCI formed an alliance with Stentor, the long-distance arm of Canadian regional phone companies, which uses MCI's intelligent network for services between the US and Canada.

The Mexican long-distance telecommunications market is growing quickly, thanks to rapid economic development and the boost to commerce from the North American Free Trade Agreement.

MCI estimates that the country's international long-distance market is growing at more than 20 per cent a year, that 40 per cent of all its long-distance traffic is international, and that 90 per of Mexican international calls go to the US or Canada.

When the joint venture gets a licence, it intends to compete in the business market, improving Banamex's network by building a "crystal triangle" of fibre-optic cables linking the leading Mexican commercial centres: Mexico City, Guadalajara and Monterrey.

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 LONDON · PARIS · FRANKFURT · NEW YORK · TOKYO

NEWS: EUROPE

Balladur to unveil jobs package

By David Buchan in Paris

The French government is expected on Sunday to announce modest job-creating measures to boost the country's fragile economic recovery.

The package may include tax incentives to create jobs in services to compensate for those still lost in industry.

Mr Edouard Balladur, the prime minister, has said reversing the climbing jobless rate is his highest priority. But evidence of uneven industrial production and lacklustre consumer spending towards the end of last year have shaken government confidence in the strength and durability of the recovery.

President François Mitterrand is sniping at the conservative premier for doing too little to create jobs and too much to cut welfare benefits.

Mr Balladur's room for manoeuvre is limited. He has handed monetary policy to the newly independent Bank of France which is likely to see what Sunday's announcement contains before making any change in interest rates.

Mr Balladur still has the tool of fiscal policy, but is caught between his promise not to raise any taxes this year and his commitment to reducing the budget deficit.

France quickly rejected yesterday the call by Germany's opposition Social Democrats that Bonn's continental partners should pick up more of the tab for Britain's European Union budget rebate.

Recent aid pledges to farmers, schools and recapitalisation of ailing state companies like Air France and Bull, the computer company, threaten to take a big chunk of the proceeds from privatising Elf-Aquitaine, the state oil major, company, and other sell-off candidates this year.

The government is considering linking repayments to companies of value added tax (which is refunded to companies on their exports outside the European Union) to job creation. French employers have already bridled at any such restriction on their VAT refunds, which they regard as a right, not a favour.

Another possible measure might be to give chain stores and petrol stations tax incentives to rehire the service staff they have laid off in recent years.

Ahern weighs jobs against inflation perils

By Tim Coone in Dublin

The test for Mr Bertie Ahern, Ireland's finance minister, as he presents his 1994 budget today is to halt the rise in unemployment without stoking inflation and currency instability. At 18.4 per cent, unemployment is Ireland's most pressing economic problem.

Mr Ahern is in the happy position of facing the year ahead with buoyant tax revenues, historically low interest rates, accelerating growth at home, economic recovery in Ireland's main overseas markets, low inflation (1.5 per cent in 1993) and an opening fiscal deficit of only 2.1 per cent of GNP, one of the lowest in the OECD. Labour ministers in the Fianna Fail-Labour coalition, have been champing at the bit to take a more expansionist approach to economic policy and have heralded the package as a budget for jobs.

Mr Ahern has echoed concern on jobs but has tried to damp expectations of a "giveaway" budget. Fiscal discipline will continue to be the overriding goal. "I am determined to ensure that the progress we have made in the public finances is not used as a base for paying ourselves more," he said. "Competitiveness" is the "highest priority".

His words are welcomed by the Irish Business and Employers' Confederation (IBEC), but it is suspicious of Mr Ahern's tax and spending plans. IBEC points out that the government has reduced the fiscal deficit in recent years through tax increases rather than spending cuts.

Employers, trade unions and opposition leaders are united in pressing for reductions in the tax burden on the lower paid, and on social insurance contributions of both employers and employees. High taxation, especially at the lower end of the pay scale, is widely viewed as a principal reason why Ireland's good economic performance in recent years fuelled significant growth in unemployment.

In framing this budget – Mr Ahern has about I£200m ($286m), or around 0.7 per cent of GNP, to play with to ease the tax burden - increased economic activity leading to higher tax revenues will give the minister room to cut some taxes without increasing the overall borrowing/GNP ratio. Most likely to go will be a widely disliked 1 per cent income levy, introduced in the last budget, and which has been the main stumbling block in drawing up a new centralised pay agreement over the next three years. A widening of the standard rate income tax band and a substantial increase in personal allowances is also expected.

In addition Mr Ahern will have anticipated privatisation receipts of some I£115m from the sale of the government's 15.3 per cent stake in Irish Life, the insurance group, and an estimated windfall of some I£230m accrued from a tax "amnesty" which closed this month.

BCP brokers in Dublin say that in the past three years, the capital-intensive export sector rather than domestic demand "where there has been a virtual stagnation" has provided the engine for growth in the economy.

The challenge for Mr Ahern will be to stimulate domestic demand, but without overheating the economy.

González set to face down unions

Tomorrow's general strike in Spain will expose union weakness, writes **Peter Bruce**

Spain is approaching its third general strike in six years tomorrow with a mixture of apathy and detachment that is sorely testing the political muscle of the country's two main trades unions.

The strike is in protest at labour market reforms being introduced by the government.

While it seems likely that transport and industry will be badly hit, and that pickets will stop many going to work, strong parliamentary support for the reforms has muted normally vociferously anti-government newspapers.

The two union leaders, Mr Nicolas Redondo of the socialist General Workers' Union and Mr Antonio Gutierrez of the communist Workers' Commissions, in trying to drum up support for the strike have insisted that the imposition of reforms without adequate negotiation had left them with little choice but to strike.

To an extent, that is true. Prime Minister Felipe González, making full use of the country's downcast economic mood, has directly challenged the role in policy-making that union leaders have claimed for themselves since Spain's relaunch as a democracy in 1978. The reforms, designed to help Spain claw its way out of recession, will make it easier and cheaper for employers to hire and fire workers, tax unemployment benefits, and introduce what the unions call "junk jobs" – apprenticeships paid below the minimum wage.

Mr González put a time limit on talks about the reforms with unions and employers last November and quickly pressed ahead with them after the deadline expired. He had earlier angered the unions, partly in an effort to mollify currency market scepticism about the strength of the peseta, by declaring that he would impose the reforms whether he had union agreement or not.

While the government was shaken into increasing social security spending after a general strike in December 1988, ministers this time are declaring loudly that tomorrow's strike, even if it succeeds in closing down the country, will not alter policy.

That remains to be seen. But it is becoming increasingly difficult for the unions to claim widespread work stoppages during these strikes as a measure of support for the aims of the strike. Spain is easy to close down – especially by hitting transport – but it seems certain that many Spaniards will simply take the day off, fearful of pickets or simply the difficulty of struggling into work on commuter lines. A half-day general strike in protest at unemployment benefit cuts in 1992 is generally considered to have failed. The unions had hoped to spend most of January building support for the strike but have had the wind taken out of their sails by two events: the Banesto bank crisis, which brought home the depth of the recession to many Spaniards, and the collapse of a union-owned housing co-operative, which has led to protests against the General Workers' Union.

For Mr Redondo the PSV debacle and the prospect of a lukewarm strike tomorrow are serious blows. He is due to retire this spring and many analysts believe that when he goes, the nature of the intercourse between the unions and any government in Madrid will change, with unions concentrating less on regaining their political influence and more on relations with employers.

It was Mr Redondo who, in 1974, proposed the young Felipe González as leader of the then exiled socialist party at a national congress held on the outskirts of Paris.

Then, and until five years ago, the General Workers' Union was an appendage of the socialist party. But as his protégé has moved steadily towards the political centre, the friendship and the institutional links have expired.

Many of the political battles fought by the unions with the Socialist party since they first came to power in 1982 have born the stamp of a personal war by Mr Redondo against Mr González.

His departure from the union will leave his younger Workers' Commission colleague, Mr Gutierrez, as the unchallenged authority in Spanish trade unionism. Pragmatic, clever and middle class, Mr Gutierrez is a much cooler customer, less ambitious for the political limelight and easier in the company of corporate bosses. Ministers believe he will have already written off tomorrow's strike as too late to stop the reforms.

Associated Press

A woman making her way up a street in Lisbon yesterday in front of two strike-bound trams

Public-sector wages strike brings disruption to Lisbon

By Peter Wise in Lisbon

A 24-hour national strike by Portuguese public-sector workers yesterday seriously disrupted hospitals, schools, courts, public transport and other services. Unions said the action was backed by up to 90 per cent of workers concerned.

The strike was in protest against a proposal by the centre-right social democrat government to limit 1994 pay rises in the public administrative sector to 2 per cent. Unions are demanding a 9 per cent increase. The strike was the first to be jointly backed by both the communist-led CGTP-Intersindical and socialist-dominated UGT union confederations.

Mr Anibal Cavaco Silva, the prime minister, has made clear that his government aims to set an example for private-sector employers by keeping pay rises low. This follows the collapse of efforts to negotiate a national wage pact between unions and employers.

Union leaders said yesterday they were prepared to call a jointly backed one-day general strike if the government refused to negotiate a compromise on pay. The government is concerned that a public-sector pay increase above 2 per cent would fuel inflation and increase the budget deficit, which is forecast to fall from 8.5 per cent of gross domestic product in 1993 to 6 per cent this year. Public-sector unions claim that the government pay offer represents a sharp cut in real earnings, given that the forecast inflation rate for 1994 is 6 per cent.

Commission is split on steel tubes venture

By Andrew Hill in Brussels

The European Commission is divided over whether to block a three-way European joint venture in the steel tubes sector on competition grounds.

Commissioners are due to decide on the deal, which involves French, German and Italian companies, at their meeting today.

It is probably the most difficult competition decision they have faced for more than a year and officials said yesterday it was impossible to predict which way a vote would go.

Mr Karel Van Miert, competition commissioner, has proposed outlawing the joint venture between Vallourec, a French steel tubing company, and subsidiaries of Mannesman of Germany and Ilva of Italy.

If a majority of the 17 commissioners supports Mr Van Miert's proposal, it will be only the second time the EU's 1990 merger regulation has been used to block a deal outright. The Commission has reached the four-month deadline for a decision on the case. Under merger rules, the deal will go ahead if no decision is taken.

The Commission's merger task force opposes the deal because it believes it would create an anti-competitive "duopoly" in the sector, with the joint venture and Sandvik, the Swedish engineering group, accounting for nearly 70 per cent of the European Union market.

But some commissioners believe the alliance should be encouraged as the best means of competing with potential rivals in Japan and eastern Europe.

If Mr Van Miert's proposal is approved it will set a precedent in European competition law, by endorsing the principle that a duopoly can exist, even if there are no structural links between the companies involved.

The two French, two Italian and two German commissioners are expected to reject Mr Van Miert's proposal, backed by the Luxembourg commissioner.

Car dealers may keep special terms

By John Griffiths

Carmakers may be able to retain exclusive distribution networks after 1995, Mr Martin Bangemann, the Industry Commissioner, indicated yesterday.

Exclusive distribution networks are against EU competition rules, but the motor industry was given a ten-year exemption in 1985.

The industry had argued that the complexity and safety implications of vehicles required dedicated dealers who had to invest heavily in order to repair and maintain vehicles adequately.

The industry has become anxious that friction over car pricing within the EU might lead to the exemption not being renewed after 1995.

Mr Bangemann said yesterday he will propose an extension of the exemption in a report he is drafting on the competitiveness of the motor industry. However, carmakers might be required to make further progress towards price harmonisation as part of Mr Bangemann's proposals.

The Competition Commissioner, Mr Karel Van Miert, has yet to offer a clear view of his department's attitude towards renewal.

The previous Competition Commissioner, Sir Leon Brittan, had taken a hard line on the issue, linking renewal firmly to greater car price harmonisation.

The European motor industry's main lobby organisation, the European Automobile Manufacturers' Association, has claimed that failure to renew the concession would seriously damage the industry's efforts to restructure.

Ariane seeks to reassure insurers

By Rachel Johnson

Arianespace, the Paris-based manufacturer of the Ariane rocket, yesterday launched an investigation into the failure of its 63rd mission – which ditched Turkish and European telecommunications satellites insured for $350m into the Atlantic Ocean on Monday.

In Kourou, French Guiana – the company's South American launchpad – and Paris, officials sought to reassure clients and insurers that the programme of ten launches in 1994 would not be affected by the disaster.

"We hope insurers will continue to invest their confidence in the Ariane system," an official declared. The inquiry, which will be conducted together with the European Space Agency and the Centre National d'Etudes Spatiales, will report next month.

It was the sixth failure for the rocket, which controls over half the commercial space launch market, since its first lift-off in 1979. It emerged yesterday that a premature shutdown of an engine followed by overheating in the unmanned Ariane-4 rocket caused the failure 13 minutes after launch. It was the first failure for four years and industry participants denied that the crash marked a turning-point in Arianespace's fortunes.

Although the high-risk commercial launch market has become highly competitive, the French-led consortium has retained its grip in spite of looming Russian, Japanese and Chinese rivalry and American competition. In the US, three out of eight launches of General Dynamics' Atlas rocket failed last year, while McDonnell-Douglas' Delta rocket has been overtaken by the move towards heavier satellites.

Yeltsin in last effort to retain reformer

By Leyla Boulton in Moscow

President Boris Yeltsin will today try to persuade Mr Boris Fyodorov, leading Russian reformer, to stay on as finance minister, amid continuing concern about the future of market reforms.

Mr Yeltsin and Mr Fyodorov will discuss conditions on which he would stay in office in an attempt to shore up confidence in Russia's turbulent reform process. Mr Fyodorov, the mainstay of economic reform, said last week he was quitting because two key policy opponents had not been sacked and because Mr Viktor Chernomyrdin, the prime minister, planned "non-monetary" methods to fight inflation.

He has also called for the removal of Mr Viktor Gerashchenko, the central bank chairman, who believes that tough monetary and fiscal policies are not what Russia needs. Mr Fyodorov has made no secret of his desire to take over the central bank, but such a move would never be endorsed by parliament.

■ The commander of Russian troops in east Germany yesterday appealed to Bonn to speed up its housing programme for troops returning home, writes Judy Dempsey in Berlin.

General Matwej Burlakow said there was a serious shortfall of housing despite the German government's programme to provide DM8.35bn ($4.8bn) for financing 45,000 homes in Belarus, Ukraine and Russia.

Lira crisis leaves Çiller's policies in tatters

John Murray Brown on how the collapse of the Turkish currency has undermined the PM's low interest rate strategy

Turkey's currency crisis intensified yesterday as the lira slipped further on the foreign exchanges. It fell to 17,900 to the US dollar, a drop of 4 per cent since Monday's close.

Yesterday's fall followed a run on the currency last week and was another rebuff to the government of Mrs Tansu Çiller.

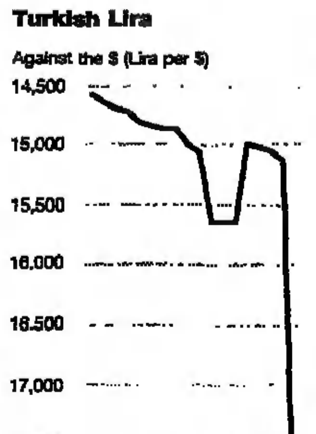
Since she came to office last summer, Mrs Çiller has been driven by an unorthodox belief that lower interest rates were the cure for the country's ills. Lower rates, she argued, would result in lower debt servicing costs, a lower budget deficit and thus lower inflation.

The policy is today in tatters with the central bank having been forced to raise inter-bank rates, as high as 200 per cent at one point, to restore confidence in the lira.

The initial trigger for currency crisis that began last week was the announcement that US rating agencies – Moodys and Standard & Poor's – were downgrading Turkey's credit rating.

Seeking a rating was always going to be a double-edged sword. It presupposed that Turkey would, if not improve on, at least maintain its current economic performance. That has not happened. Turkey's public finances are in a shambles. Privatisation has been blocked by political and legal wrangling. The public sector deficit is expected to have been about 16 per cent of gross national product in 1993. The target for 1994, at 14 per cent, is hardly more encouraging.

For Mrs Çiller and her technocrats the whole episode has been a salutary reminder that after a decade of reform, the Turkish economy is that much more vulnerable to policy error. A faster depreciation of the lira may help the trade account, by making exports more competitive. But the resulting increase in import costs will fuel inflation. Turkey is in the midst of an import-led consumer boom, with the economy growing by close to 8 per cent in 1993. As a result the deficit on the current account for 1993 reached close to $5bn and is officially projected at $4.4bn in the current year.



It is against such a fragile background that the currency crisis has occurred. Heavy central bank advances to the Treasury coupled with the recent salary pay-out to civil servants created an excess of lira in the market last week. Traders also reported tight supplies of foreign exchange when tourist receipts and workers remittances traditionally slow down.

Another contributing factor is that many Turks now choose to keep their savings in hard currency accounts, a measure of just how far Turkey's 70 per cent inflation rate has taken its toll. In the end, what might have started as a minor shake, became a full-scale currency quake. The immediate fall-out is hard to gauge. The international banks that lend to Turkey will be looking for reassurances that it can continue to service its foreign debt. After record borrowings in 1993, Turkey's external public and private debt, already $59bn by the end of September, is estimated to have reached Treasury, needing at least $2bn just to refinance existing debt, is expected to seek an early return to the Samurai market, the Japanese bond market for foreign issuers, perhaps next month, in order to re-establish its presence in the market.

Paradoxically, the foray into international debt markets had been one of the successes of 1993, with the Treasury skilfully tapping the international appetite for Turkish paper. As one Japanese banker put it, "Turkey is a little like Yugoslavia used to be – high risk, offering a good yield, and [on top of that it is] an OECD member."

Moreover the availability of foreign debt enabled the government to restructure its domestic borrowings. It managed to reduce the amounts borrowed as well as extending the maturities.

One western economist estimated that Turkey may have saved as much as $1bn in 1993 by shifting its domestic borrowing strategy from short-term to longer-term issues.

For this reason, Moody's and S&P's decision is that much more critical.

In the short term, the higher than projected domestic interest rates will add to the budget deficit. Higher borrowing costs will stifle private sector investment at a time when Turkish firms need to prepare themselves for the competition which will follow on Turkey's completion of a customs union with the European Union, now set for 1995. The central bank has so far declined to issue any instruction to the private banks.

However, some economists believe another, perhaps more dramatic, one-way currency movement could precipitate a full-scale foreign exchange crisis. They point out the banking sector's overall short position – the difference between banks' foreign exchange liabilities and domestic lira assets – is close to $6bn.

In the end, what happens will depend as much on political as economic developments with all the parties now eyeing the outcome of the forthcoming municipal elections.

And as one Turkish observer pointed out, the recent interest rate rise will have been particularly severe for the small traders and artisans, who traditionally have supported Mrs Çiller's True Path party DYP.

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Mexican rebels set peace conditions

By Damian Fraser in Mexico City

Rebels in Mexico's southern state of Chiapas have set out conditions for ending their armed struggle, proposing that any negotiations focus on the plight of the state's indigenous peoples and the political rights of all Mexicans.

In a communique sent to Mexican newspapers, the rebels laid down their most conciliatory agenda for talks so far. They said they had neither the desire nor the ability to take their struggle to all Mexicans. They also agreed to free Mr Absalon Castellanos, the former Chiapas governor held captive since the new year.

The communique appears to be part of a campaign to win public sympathy in the self-styled Zapatista Army of National Liberation's war of public relations with the government. While the government has said all avenues of negotiation are open, part of its strategy has been been to isolate the guerrilla leaders from their followers by promising money and social reform to the state's impoverished indigenous communities.

The Zapatistas said talks would have to address the economic plight of indigenous peoples, discrimination, a ceasefire and an end to violence in the region. So far there has been no reported contact between either side.

Mr Manuel Camacho, the peace envoy in Chiapas, has indicated a willingness to discuss all the rebel demands, but it is not clear how much support he enjoys from President Carlos Salinas, who flew to Chiapas yesterday to meet indigenous groups, and the rest of the cabinet.

Mr Camacho said on Sunday that the search for peace had been hindered by "a wave of interpretations" about the political consequences of his actions in Chiapas. He was referring to reports that members of the government were opposing his mission, fearful that Mr Camacho might launch himself as candidate for the presidency, either from the ruling Institutional Revolutionary Party or an independent party.

Mr Camacho then fuelled such speculation by launching a thinly veiled attack on the government's political and social policy. He also declined several opportunities to say he would not be a candidate.

His apparent willingness to include national political and social change in the talks with the rebels would seem to conflict with Mr Salinas's hopes that negotiations should simply address problems in the state of Chiapas.

● Amnesty International yesterday accused Mexico's security forces of using torture and arbitrary arrests in its efforts to quell the revolt, Reuter reports.

The London-based organisation said a team that visited the state between January 18 and 22 received information about dozens of torture cases, at least nine extra-judicial executions, 15 other suspicious killings and scores of arbitrary detentions.

De León awaits verdict of Guatemalan people

Sunday's referendum is a political litmus test, writes Edward Orlebar

Guatemala's President Ramiro de León Carpio is hoping to get his presidency back on track with a crucial referendum on Sunday on constitutional reform. A defeat would further undermine his weak government.

The vote has become increasingly a gauge of confidence in the president rather than a judgment on the substance of the reforms, which are a mystery to most citizens.

"What he stands to win is not very much," says Mr Gabriel Aguilera, a political analyst. "But what he could lose is considerable."

When Mr de León was unexpectedly named president in June last year, Guatemalans hoped the former human rights ombudsman would break the mould of a society dominated by the army and ill-served by political institutions.

He took over amid high expectations – and with no party or programme – after being elected by Congress following President Jorge Serrano's failure to grab powers in a coup attempt in May.

As human rights ombudsman he was a strong opponent of the army and a vocal critic of civilian militias known as civil defence patrols, which the armed forces forcibly recruit as part of their counter-insurgency strategy. Since becoming president, however, he has repeated the military's view that the 500,000 patrol members will not be disbanded until the country's 33-year-old civil war has ended.

"The supposed great executioner of the army has turned out to be the best administrator of its policies," says Mr José Luis Chea, leader of the centrist Democratic Union party, not represented in Congress. Human rights abuses, particularly death threats and kidnappings, have increased since he took office, says Mr Fernando Lopez, director of the human rights office of the archbishop of Guatemala City. "But for there to be a real decrease in abuses, first there must be an end to the armed conflict."

After several false starts, the government and the left-wing guerrillas of the National Guatemalan Revolutionary Unity held preliminary talks this month aimed at ending the war, the first official contact since May.

But there is little evidence that the two sides will avoid the same obstacle – on apportioning blame for human rights abuses during the conflict – which resulted in deadlock when they met last year.

On the political front, many of Mr de León's problems arise from his failure to force the resignation of supreme court judges, and a divided and discredited Congress.

"By wrapping himself in the banner of the purge [of Congress], he became the principal focus of Congress's attack, and succeeded in unifying it against him," says Mr Eduardo Mazariegos, a political analyst at Asies, a local think-tank.

The result was a compromise constitutional reform package in November, on which Guatemalans vote on Sunday. It includes greater accountability and decentralisation of government spending, de-politicisation of the supreme court, and a pledge that deputies will resign by mid-1994.

But while the agreement probably averted another political crisis, critics have condemned it as a fudge, cooked up by the political élite. Mr Miguel Angel Albizurez, who advises civil organisations which he says played no part in formulating the proposed changes, describes the agreement as "an insult to the people, which Ramiro will pay for politically".

On the economic front the government may also be heading for problems. Guatemala last month signed an agreement with the IMF which will require tighter fiscal policies and pressure to remove subsidies for state utilities.

And while Mr de León seems to be keeping his promise to focus on poverty reduction, even this may prove politically costly. Several social funds directed at improving conditions in rural areas have started operating recently, and will be the focus of much state investment this year.

However, senior officials admit that diverting resources to more needy rural areas has a price. Opposition to government is organised in the cities; exactly the reason why the countryside has been neglected for so long.

UK offer over Falklands oil

By David Owen in London and John Barham in Buenos Aires

The British government has indicated its readiness to allow Argentine companies to take part in the development of oilfields in the Falkland islands' territorial waters – provided they acknowledge that any oil extracted belongs to Britain.

Government sources think it unlikely that Argentine interests will end up operating installations on the islands themselves, but believe Argentina's coast could be a logical site for support operations.

Preliminary results from seismic surveys conducted last year around the Falklands suggested the possibility of finding oil across a zone 25 per cent larger than the North Sea.

The disclosure of Britain's position follows a recent request from Buenos Aires for a meeting of senior foreign ministry officials to discuss joint development of oil resources. London has yet to agree to this meeting.

Reaching an oil accord with the UK is Argentina's next important policy objective, but it is unlikely to accept terms that implicitly recognise Britain's sovereignty over the islands. Buenos Aires has used recent talks on fish to press for a role in the development of possible oil and gas reserves. British Gas said last year it had discussed joint offshore exploration close to the disputed waters with YPF, Argentina's state-owned oil company.

Some Falkland islanders are said to recognise that rapprochement with Argentina would probably be necessary if an oil industry were to be developed.

Recent developments come against a background of steadily improving relations between the two former belligerents. A year ago, Mr Douglas Hurd, foreign secretary, became the first UK cabinet minister to visit Argentina since the 1982 Falkland islands conflict. Since then both Mr Domingo Cavallo, Argentina's economy minister, and Mr Guido Di Tella, foreign minister, have visited Britain.

Congress to be asked for emergency earthquake relief funds

Clinton to request $7.5bn for California

By George Graham in Washington

Driving rain is adding to the misery of Los Angelenos who have lost their homes AP

The Clinton administration will ask Congress for $7.5bn (£5bn) in emergency funds to help California recover from last week's earthquake, Mr Leon Panetta, budget director, said yesterday.

Members of Congress representing the battered state said they hoped the measure could be passed by mid-February, but controversy could still arise over whether the emergency money should be treated outside normal federal budget ceilings or be offset by other spending cuts.

Although emergency spending for natural disasters such as hurricanes and earthquakes is usually handled outside the constraints of the budget ceilings, last summer both Democrats and Republicans held up aid for the Mississippi and Missouri floods over this issue, although they eventually relented.

More than 1,000 buildings have been declared unsafe as a result of the earthquake, which measured 6.6 on the Richter scale and killed 57 people. Los Angeles will also have to rebuild some of its biggest roads.

Because of the urgency of rebuilding these roads, the Environmental Protection Agency has cancelled an order that would have blocked California from receiving around $800m in federal road construction funds.

This order, which would have taken effect this spring, was a sanction in a dispute over the state's smog control measures, which the EPA says still do not meet the requirements of the Clean Air Act.

Consumer confidence underpins US growth

By Michael Prowse in Washington

US consumers' growing confidence is likely to underpin robust economic growth this year, figures yesterday indicated.

The Conference Board said its index of consumer confidence rose 3.4 points to 83.2 in January. The index has risen 23 points since October, reflecting growth in the fourth quarter at an estimated annual rate of 6 per cent.

Gross domestic product in the opening quarter will be distorted by arctic weather and the Los Angeles earthquake, but most forecasters believe the underlying growth rate is 3 per cent or slightly higher.

In a separate report yesterday, the National Association of Realtors said sales of existing homes rose 6.7 per cent last month and by 11.1 per cent in the year to December. In 1993 as a whole, 3.8m previously-owned homes were sold, the highest level since 1979.

The recovery appears to be putting little pressure on wage costs. The Labour Department yesterday said the employment cost index – which includes wages and fringe benefits – rose 0.8 per cent in the final quarter last year, the same rate as in the third period. Wage and benefit increases averaged 3.5 per cent in the 12 months to December, matching the previous year.

Mr Fabian Linden, for the Conference Board, said the confidence figures reflected the increasing strength of the recovery. However, he noted an undercurrent of uncertainty about employment.

S Africa all-race election talks fail

By Patti Waldmeir in Pretoria

Talks between right-wing leaders, the South African government and the African National Congress appeared to have broken down last night, increasing chances the Inkatha Freedom Party will boycott April's all-race elections.

Talks are due to resume tomorrow, but negotiators from the government and the ANC said privately they did not expect an agreement. They had hoped to reach a compromise before the weekend, when an Inkatha party conference will decide whether to participate in the poll. If the talks fail again tomorrow, it is likely Inkatha's Chief Mangosuthu Buthelezi will try to persuade the conference to boycott the elections.

Many senior Inkatha negotiators are believed to favour participation, but Chief Buthelezi has said he would boycott the poll unless the constitution is amended to strengthen regional powers. Last night's talks broke down over this issue, with Inkatha insisting regions be granted "exclusive" powers which could not be overruled by central government, while the ANC wished to maintain overriding powers for the centre in certain circumstances.

Inkatha and the white right Afrikaner Volksfront (Arikaner People's Front) participated in the talks, with delegations from the ANC and Government. ANC and government officials left the door open to further talks, even after the weekend. Mr Roelf Meyer, government chief negotiator, said "the process never stops".

But once the party conference has taken a decision, it would be difficult to reverse it: with only 90 days before the poll, Inkatha loses valuable campaigning time with any further delay.

Negotiators last night held out hope that separate talks with the white right wing might still yield an agreement which would prevent conservative Afrikaner parties from boycotting the poll. They said progress had been made towards agreeing the Arikaners' demand for a "volkstaat" or homeland, with the ANC agreeing in principle on establishment of a state with some autonomy.

The government will also pursue separate talks with the Zulu King Goodwill Zwelithini on self-determination for the Zulu nation. Pretoria hopes to woo the king with promises of protecting his salary and position under a new constitution.

In exchange, he would endorse the elections against the wishes of Chief Buthelezi. National Party officials argue that an endorsement from the King would significantly undermine an Inkatha boycott, as many Inkatha supporters are conservative rural Zulus whose allegiance is to the Zulu monarchy.

Sources close to the king say a separate peace is unlikely. He has followed the political lead of his uncle, Chief Buthelezi, since assuming the throne, and is unlikely to break decisively with him now.

China in warning on HK airport

China last night moved to close off the option of Hong Kong proceeding to build the colony's new airport without agreement when it said it would abrogate any deal made without Beijing's consent, writes Simon Holberton in Hong Kong.

The Hong Kong and Macao Affairs Office of the Chinese government said the post-1997 government would not be liable for any expenditure and debt incurred in building the new airport. It also said any contract awarded without Beijing's consent would be invalid after 1997.

The tone of the statement, rather than the specific threats, underlined the low point to which Anglo-Chinese co-operation has sunk. The Hong Kong government has always sought Chinese government approval for any contract which spans 1997.

The statement seems to have been prompted by the Legislative Council's approval of an extra HK$1.6bn (£139m) of finance last week and the government's decision to go to LegCo for a further HK$4.6bn in the coming week.

It emerged yesterday that Britain's approach to China last week for a meeting of the Airport Committee – the governmental body set up to discuss the project – got little response.

This was in spite of the implicit offer to put more of Hong Kong's money into the HK$160bn airport and related infrastructure development.

Japanese premier's appeal aims to put pressure on LDP

Hosokawa to seek popular backing for political reform

Hosokawa: popularity is high

Ozawa: wants general election

Kaifu: supporter of reform

By William Dawkins in Tokyo

Mr Morihiro Hosokawa, the Japanese prime minister, will today hold a televised press conference calling for popular support for his plans to reform the corruption-tainted political system.

This is an attempt to put pressure on a divided opposition Liberal Democratic party to accept a compromise on the four political reform bills before they expire at the end of the parliamentary session next Saturday.

There is widespread support for reform, between 50 per cent and 60 per cent according to recent polls, indicating that Mr Hosokawa's address should increase his already high popularity.

Last week his plans were voted down at the last parliamentary hurdle, the upper house, by members of the two largest parties, the LDP and the Social Democratic party – the largest coalition member – which both fear losing seats under the proposed new system.

Officials from the seven-party coalition and the LDP yesterday agreed to ask the lower house of parliament to agree to the formation of a panel to discuss a compromise.

However, the panel has slim chance of striking a deal in time for parliament to vote on it before the Saturday deadline. The LDP and Social Democrats are too deeply split on reform to be able to take coherent positions.

If the panel fails to reach an accord, Mr Hosokawa has threatened to try to override the upper house's rejection by putting the plans to a last-minute vote in the lower house.

Support of two-thirds of the lower house is needed to overturn the upper house, in what one political analyst dubbed the "kamikaze option".

Mr Hosokawa is unlikely to win such a vote, but it could encourage a fresh round of defections from the LDP, thereby strengthening the coalition's fragile majority.

The coalition is divided over what to do if, as is likely, Mr Hosokawa fails to achieve reform by the weekend. Mr Hosokawa has hinted that he would resign, leaving it to the coalition – possibly strengthened by LDP defections – to form a new cabinet.

A close aide to Mr Hosokawa, Mr Shusei Tanaka, was yesterday reported as saying that resignation was "highly possible" as a result of the difficulties facing the political reform bill. "The prime minister is not the type of person who seeks to cling to a position," Mr Tanaka told Kyodo News Service.

But some coalition leaders say Mr Hosokawa should stay in office regardless of the fate of the reforms and work on stimulating Japan's sluggish economy. "When we're in this severe a recession, it's not at all desirable to create a [political] vacuum," said Mr Tomiichi Murayama, chairman of the Social Democrats.

However, Mr Ichiro Ozawa's Japan Renewal party, the most influential coalition partner, has suggested that a general election should be called. Japanese press reports yesterday said Mr Ozawa has asked Mr Toshiki Kaifu, a former LDP prime minister who supports reform, to defect to the coalition as a possible successor to Mr Hosokawa.

Mr Kaifu is among the 70 LDP members of parliament who openly support reform. But it is uncertain whether all LDP reformists would follow Mr Kaifu, because he is not a powerful political fund-raiser, the vital ingredient that Mr Ozawa provided when he led the LDP defection that brought down the former LDP government last summer.

The business community views the prospect of a snap election with dismay, because this would delay an urgently needed economic stimulus package and threaten the government's finances when it is already late with the budget for the fiscal year starting in April.

However, public distaste for the horse-trading over reform could manifest itself as a protest vote against the LDP, if a snap election were called. That would suit Mr Ozawa's strategy of further dividing and weakening the LDP.

UN talks begin on full nuclear test ban treaty

By Frances Williams in Geneva

Formal United Nations negotiations began yesterday on a comprehensive nuclear test ban treaty, now supported in principle by all five declared nuclear weapons states. The treaty, which could be ready in two to three years, is seen by western governments as an important part of efforts to prevent nuclear weapons proliferation after the Cold War.

The talks are being handled by an ad hoc committee of the UN Conference on Disarmament, which has 37 members including the nuclear weapons states – the US, Russia, China, Britain and France. On the first day of its session yesterday, the conference gave the committee a formal mandate to "negotiate intensively" a universal and "effectively verifiable" test ban treaty.

In a message to the conference, President Bill Clinton called for the negotiation of a treaty "at the earliest time".

Mr John Holum, director of the US Arms Control and Disarmament Agency, said yesterday a comprehensive test ban treaty (CTBT) was "an immediate priority" for the US administration, which has made the fight against nuclear weapons proliferation a central foreign policy concern.Non-nuclear weapons states see the CTBT as a test of the nuclear powers' commitment to non-proliferation and disarmament.

One reason for the US policy reversal on testing is the belief that a CTBT, or progress towards one, will help persuade developing countries to extend and strengthen the bedrock Non-Proliferation Treaty when it comes up for renewal next year.

Separately, the US is opposing Iraq's admission to full membership of the UN disarmament conference, though it says it will not oppose the inclusion of North Korea.

Australian prices up 0.2% in quarter

Australia's consumer price index rose 0.2 per cent in the last quarter of 1993, bringing the annual rate to 1.9 per cent, writes Nikki Tait in Sydney.

The figure was at the lower end of market expectations and prompted Mr Ralph Willis, the new Australian treasurer, to concede that the government's budget forecast of a 3.5 per cent rise in prices in 1993-94 was "considerably overstated".

The most marked fall came in the housing component, due to lower mortgage costs. Clothing and household equipment also registered falls.

The CPI news triggered a rally in the Australian bond market and pushed the Australian dollar above 71 US cents for the first time in about eight months. It later drifted back to close at US$0.7083.

● KPMG Peat Marwick, the international accountancy firm, has reached a A$136m (£61.5m) settlement with the government of Victoria over a disputed audit of the Tricontinental Bank. This is believed to be the largest settlement of an audit negligence claim in Australia.

The merchant banking arm of the former State Bank of Victoria collapsed in 1990, with an estimated loss of A$2.6bn. Victoria's former Labor government subsequently sued KPMG Peat Marwick for A$1.1bn, alleging the firm was negligent in signing the bank's accounts as "true and fair" in 1988.

NEWS IN BRIEF

Nigeria unrest hits oil profits

Oil companies in Nigeria estimate losses in production and equipment of about $200m (£133m) last year through civil disruptions and protests against loss of land, pollution and inadequate living conditions, writes Paul Adams in Lagos.

Shell, which produces half of Nigeria's quota of 1.8m barrels a day, recorded 108 attacks or stoppages with the loss of 12m barrels in 1993. Agip and Elf have reported smaller losses.

Nigeria's oil minister, Mr Don Etiebet, said at the weekend that the government was considering tax concessions to the oil companies for developing the local communities.

But this month's budget is not helping to encourage investment. The introduction of a fixed rate of foreign exchange has doubled the cost of bringing in capital. The multinationals spend millions of dollars a year on basic infrastructure in the Niger delta in eastern Nigeria.

Algeria conference snub

Algeria's leading political parties yesterday boycotted the first day of a conference for national reconciliation called by the country's five-man High State Council, writes Francis Ghilès.

The two-day meeting aims to end the violence which over the past two years has claimed over 3,500 lives and is also set to approve a new collective presidency to replace the body which has ruled Algeria since elections were cancelled in January 1992.

The Islamic Salvation Front, which was poised to win the election, dismissed the idea of dialogue with those who had "stopped the electoral process and spilt the blood of Moslem people", while the leader of the lay opposition party, the Front des Forces Socialistes, Mr Hocine Ait Ahmed, said that any head of state appointed by the conference would have no legitimacy.

Lesotho truce agreed

The two warring factions in the Lesotho army have agreed to stop fighting and meet the government for talks to settle their dispute, Reuter reports from Maseru.

The government spokesman, Mr Seeiso Serutla, said yesterday the two sides were selecting delegates and would meet the government for talks he expected to extend over several days. The British Commonwealth yesterday said it had sent two envoys to talk with the Lesotho government and military and political leaders.

New Vietnam leaders

Vietnam's ruling Communist party yesterday voted 20 new members on to its executive Central Committee, including the minister in charge of relations with the US, Reuter reports from Hanoi.

The new members, elected on the last day of a party conference in Hanoi, also included an industrialist, reflecting the growing importance Vietnam's leaders attach to modern industry.

Despite successes for government financial policy, including slashing inflation to 5.2 per cent last year from 17.5, the finance minister, Mr Ho Te, and his deputy, Mr Nguyen Sinh Hung, did not win places.

Companies lose pollution case

By Emiko Terazono in Tokyo

A Japanese district court yesterday ordered a group of leading companies to compensate residents for suffering caused by air pollution from factories.

The ruling comes after a 12-year wrangle since plaintiffs sued several companies, including Tokyo Electric Power, NKK and Tonen, as well as the state, for pollution from factories and car exhausts. The plaintiffs sought Y2.6bn (£15.5m) damages and the suspension of emissions of smoke from the factories and vehicles.

Of the 435 people who filed the suit in 1982, over 30 have since died. The bureaucratic nature of Japan's courts and a lack of lawyers means it often takes years to reach a verdict and a case can take 30 years to reach the supreme courts.

The district court of Yokohama, south of Tokyo, ordered 12 companies to pay Y463m in damages to local residents for diseases such as chronic asthma, bronchitis and pulmonary emphysema. Mr Hisashi Nemoto, the presiding judge, said the companies were responsible for air pollution in Kawasaki, known as one of the most polluted districts in the country, and the factory emissions containing sulphur dioxide were responsible for the illnesses.

Mr Nemoto rejected a request by residents to order tighter controls on discharges of pollutants from the factories, saying the plaintiffs' claims were too vague.

Separately, a group of eight Dutch citizens held in Japanese camps in Indonesia during the second world war filed a law suit with the Tokyo district court yesterday seeking compensation of at least $20,000 (£13,513) per plaintiff.

Price cuts anger drugs groups

By Paul Abrahams in Tokyo

Japan's Ministry of Health and Welfare has told domestic and overseas drugs groups that prices of some medicines will be cut. The surprise cost-saving move is in addition to regular price cuts implemented every two years and previously announced price cuts on fast-selling medicines.

The ministry's decision, which has angered the pharmaceuticals industry, is likely to undermine further the growth of Japan's drugs market, the world's second most important. Foreign pharmaceuticals companies will today set out their complaints at a meeting with the ministry.

Analysts had forecast that healthcare reforms and previously announced price cuts would limit annual growth of Japan's pharmaceuticals market to between zero and 3 per cent for the rest of the decade. Domestic groups will be hit particularly by the new measures because of their dependence on the local market.

Ministry officials are understood to have told Ono, the Japanese group, and Roche Nippon, the subsidiary of the Swiss company, that prices of at least one of their drugs would be cut because of their rapid sales growth.

The health ministry is under pressure from the finance ministry to contain its spending after a sharp fall in tax receipts during the recession. Pharmaceuticals represent about 28 per cent of Japan's health expenditure.

Ono's treatment for diabetic neuropathy, Kinedak, responsible for most of the group's sales growth last year, is understood to have been targeted. Nippon Roche said one of its successful anti-infective drugs was involved.

The group's wide spectrum antibiotic, Rocephin, has proved highly successful since its recent launch.

Mr Hiroaki Shigeta, president of Nippon Roche, said: "We're terribly upset because of its lack of consistency. They keep changing the rules. It does little to encourage innovation if every time you launch a successful product it's hit by a special price cut."

The Swiss company had already been hit by arbitrary price cuts announced late last year when it was told the price of Roferon-A, its interferon product for hepatitis C, would be reduced.

Other interferon makers, such as Sumitomo Pharmaceuticals, Daiichi and Yamanouchi, were also informed of reductions at that date. The cuts for interferons are expected to range from 20 per cent to 13 per cent.

Makers of cholesterol-lowering products were told last year that prices would be slashed. The drugs involved were Mevalotin – Japan's top-selling medicine, made by Japan's second largest drugs company, Sankyo – and Lipovas, a drug from Banyu, Merck's Japanese subsidiary. Their prices are expected to be cut by about 12 per cent.

Arafat receives welcome but no money from Saudis

By Roger Matthews, Middle East Editor

Mr Yassir Arafat, chairman of the Palestine Liberation Organisation, left Saudi Arabia yesterday after a two-day visit which marked the first thaw in relations between the two sides since the PLO support for Iraq in the Gulf war.

Saudi anger at the PLO stance has not eased significantly since the conclusion of the war and Mr Arafat's meeting with King Fahd bin Abdul Aziz was described by one diplomat as "correct but cool".

The Saudis have demanded an apology from those Arab states and organisations which failed to rally to the support of the Gulf states following the Iraqi invasion of Kuwait. "We cannot forgive, and we cannot forget," said a senior Saudi official recently. "But there are two things in this world which you cannot escape, and they are families and neighbours."

It was always to be expected that at some time Mr Arafat, as part of the Arab family, would again be received in Saudi Arabia. But officials have also made clear that the PLO could not expect any further direct financial support, one of the main objectives of Mr Arafat's visit to the kingdom.

Saudi Arabia has agreed to provide an initial $100m (£67.5m) for specific infrastructure projects in the occupied Gaza Strip and the West Bank town of Jericho, following an Israeli withdrawal. Officials in Riyadh stressed that its aid would be directed through international agencies and closely monitored. Any further disbursements would depend on the effective utilisation of the first tranche.

Support in Saudi Arabia for the September 13 declaration of principles signed by Israel and the PLO was tempered both by its hostility to Mr Arafat personally, and more generally by the belief that the Arab negotiators were more likely to achieve a comprehensive peace by retaining a united front.

Stop promising heaven, Rafsanjani told

Domestic criticism of economic policies is mounting as Iran suffers from weak oil prices, writes **Scheherazade Daneshkhu**

Iran's President Ali Akbar Hashemi Rafsanjani is facing mounting criticism at home as the economy continues to suffer from weak international oil prices.

Iran is dependent on oil for 85 per cent of its foreign exchange income and it is estimated that every $1 fall in the international price of oil results in a loss of $1bn in Iran's annual revenues.

President Rafsanjani recently attempted to play down the economic crisis by saying that Iran could continue with its development programmes regardless of oil prices.

But the bravado cannot mask the real economic problems the country faces. Prices have mounted steeply since the government unified three different exchange rates last March, leading to an effective devaluation from IR70 to the dollar to IR1,400. The rial has subsequently fallen to more than IR2,000 to the dollar.

The English-language Kayhan International, complained that spiralling prices were making the lives of many Iranians a misery. "Galloping inflation, open mismanagement of the economic sector, indifference towards the common strata, decline in the international price of oil – all will get together to make life intolerable and miserable for this nation of over 60m people," it wrote.

As subsidies to the poor are lifted, the import of luxury goods is being seen as a symbol of skewed priorities and corruption. In a Friday prayers sermon delivered in Qom last month, Ayatollah Ali Meshkini, speaker of the assembly of experts, the body that elects the spiritual leader, said: "Instead of promising heaven, the government should also be thinking about solving this deadly inflation. But I know that this problem of high prices will not be solved until those who have luxurious lifestyles...and who do not feel social problems and who use their expertise to manage their own affairs are no longer in power. And there are many of them."

Jomhuri Eslami, a Tehran daily, chastised the government for promoting International Monetary Fund-style measures of privatisation and reductions in subsidies. It accused Mr Rafsanjani's economic team of being overawed or deceived by liberal western economic theories and urged the government to restore some state controls.

Trade has also suffered as a spending boom which began in 1990 has resulted in Iran's formerly exemplary payments record being badly tarnished.

Until last summer, foreign exporters with Iranian letters of credit were having to wait six months before receiving payment but the arrears have now mounted to one year.

Estimates of the size of the total debt vary from $16bn up to $30bn. At least $8bn of this is estimated to be in arrears and is costing the country about $3bn a year to service. The $30bn figure would include letters of credit which have been opened but which will be abandoned by exporters unable to find export cover.

"There is a serious problem," said one European banker. "But at the same time Iran's debt load is manageable because it is almost all short-term." The most exposed countries are Iran's main trading partners, Germany and Japan.

Imports have been cut, aided by the refusal of foreign banks to confirm Iranian letters of credit and by the country being in effect off-cover for most export credit agencies. Under these circumstances, foreign investment, which Mr Rafsanjani has sought for a number of years, remains only a possibility.

Attempts at rescheduling the debt over the medium-term have not yet met with success both for practical reasons but also because of Iran's poor international image. The US has put Iran back on its list of favourite enemy nations and Iran has done little to help itself by failing to lift the death sentence imposed on British writer Salman Rushdie.

"The sentiment in Europe is somewhere between regret and frustration," said one banker. "Iran has not had a bad name in trade circles in the past but the Iranians do everything to make it difficult to love them."

Mr Rafsanjani has quashed suggestions that Iran's second five-year development plan, due to begin at the start of the Iranian year on March 21, should be postponed.

The plan which is due to take over where the first five-year plan leaves off, assumes an annual average income of $15.5bn from oil, but the price of Iranian oil has dropped to less than $12 a barrel. This year Iran will be lucky to earn $14bn, compared with official projections of $17bn.

The second plan is aimed at extending the government's privatisation campaign, reducing subsidies, authorising the government to seek $2.4bn in long-term loans for the construction of four dams, as well as seeking foreign investment in the form of joint ventures.

Nevertheless there are many government officials who share the view of Mr Ali Akbar Nateq-Nouri, the speaker of the Iranian majlis (parliament), who said last month that the legislature wanted to postpone the start of the five-year plan for a year "because one cannot study a plan in a crisis".

Iran's president said yesterday economic co-operation between the 10 Islamic members of the Economic Co-operation Organisation in the Middle East and central Asia could reduce political tensions affecting them. *Reuter reports from Tehran.*

President Ali Akbar Hashemi Rafsanjani was opening a meeting of the foreign ministers of the 10 states that include Pakistan, Turkey, Afghanistan and six former Soviet republics.

ECO was founded by neighbours Turkey, Iran and Pakistan in the 1950s as a regional trading bloc but was largely dormant until it was expanded two years ago to become the largest non-Arab Islamic organisation stretching from Europe to China.

NEWS: WORLD TRADE

China-Japan trade increases by 31%

By Michiyo Nakamoto in Tokyo

Trade between Japan and China rose by 31 per cent last year to $37.84bn making China Japan's second largest trading partner after the US for the first time, according to the Japan External Trade Organisation.

The strong growth in trade between Japan and China shows a conspicuous increase in economic activity between the two countries at a time when Japan's overall trade with the rest of the world grew only 5 per cent, Jetro said.

It highlights both the growth of the Chinese economy and the rising sophistication of manufactured goods from China, which were up strongly last year.

Jetro said that exports from Japan to China, which jumped 45 per cent to a record $17.3bn, were supported by buoyant economic activity in China which increased demand for capital goods.

The boom in construction activity, the rise in foreign investment in China and growth in consumption by companies and government organisations alike increased demand for machinery, equipment and cars.

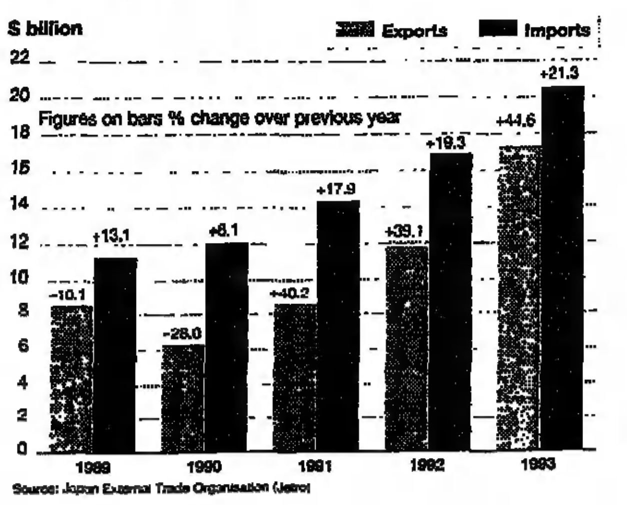
Imports from China, meanwhile, were up 21 per cent to a record $20.6bn. While imports of textiles surged 30 per cent, those of machinery, including audiovisual products such as video cassette recorders also rose a firm 61 per cent and imports of office equipment increased by 213 per cent.

Jetro expects trade between the two countries to continue to increase this year on the strength of growing foreign investment in China.

However, it warns that inflation, and concerns over a lack of foreign reserves could slow the pace of increase in Japanese exports to China.

Meanwhile, imports from China are expected to continue growing on the strength of firm Japanese corporate investment in that country.

Japanese trade with China



Source: Japan External Trade Organisation (Jetro)

Exports of Swiss watches up

Exports of Swiss watches and clocks rose 3 per cent last year to SFr7.59bn (£3.46bn), as business picked up in the second half of the year, writes Ian Rodger in Zurich.

The Federation of the Swiss Watch Industry said the volume of finished watches exported rose 7.8 per cent to 43.2m pieces, while their value increased 3.3 per cent to SFr6.6bn.

Exports of watch movements jumped 25 per cent to 72.4m pieces. However, their value fell 3.2 per cent to SFr304.6m.

The value of exports of clocks, components and watch cases was SFr671m.

Environment issue worries third world

By Frances Williams in Geneva

Forthcoming talks on the link between trade and environment policies in the General Agreement on Tariffs and Trade will run into strong third world resistance if they do not focus on poorer nations' concerns, Mr B.K. Zutshi, India's Gatt ambassador, warned yesterday.

Mr Zutshi, outgoing chairman of the Gatt contracting parties (members), told the world trade body's annual meeting in Geneva that talks had to embrace the twin objectives of protecting the environment and promoting sustainable development. More open trade, coupled with financial and technical assistance, was essential to promote sustainable development.

For developing countries, "poverty is the number one preoccupation.... and the most important obstacle to better environmental protection", he said. If, instead, the debate was reduced to polemics about "greening the Gatt" it would be an irrelevance for most members.

Giving the latest Gatt secretariat estimates for world trade growth, he said it rose by less than 3 per cent by volume last year, against 4 per cent in 1992 despite a slight increase in world output to just above 2 per cent.

NEWS IN BRIEF

Importers slow to pay British exporters

More British exporters have lost money as a result of payments delays by European importers, according to NCM, the leading export credit insurer, Richard Lapper writes from London. In its latest report on the exports outlook NCM said that one in four UK companies has been hit by bad payers last year, compared with one in five in the 12 months to September 1993.

The figures show that the number of British companies exporting to Germany, France, Spain and Italy and reporting a loss as a result of non-payment increased. One exporter in 17 to Germany reported a loss (compared to one in 20 for the year to September 1993). One in 10 exporters to France, (one in 11), one in 12 to Spain (one in 13) and one in 10 to Italy (one in 12) were hit by non-payment.

$120m power order for GE

General Electric of the US has announced orders totalling more than $120m to supply power generation equipment for projects in Egypt and Saudi Arabia, Andrew Baxter reports from London.

The largest of the orders is from the Egyptian Electric Authority for two 627MW steam turbine-generators worth nearly $85m to be in a new power plant near Cairo.

Gas project for Mozambique

Mozambique stands to increase its export earnings through its Pande gas field project, writes Leslie Crawford in Maputo. JLocated in the southern province of Inhambane, the field has reserves of 55bn cubic metres. ENH, the Mozambique state oil company, has entered into an agreement with Sasol of South Africa, which would buy and market the natural gas in South Africa.

Australia-UK relations not just history

Nikki Tait on smaller but still perfectly formed trade links

Australia's sunny shores have suddenly been swamped again by the British. Prince Charles touched down in Sydney on Monday with a royal entourage and 40 journalists. Later this week, a trade delegation, led by Mr Michael Heseltine, president of the Board of Trade, flies into Melbourne, accompanied by two other UK trade missions.

The British parties are being given a high-level reception. Mr Keating, with his beaming but non-curtseying wife, turned out to greet Prince Charles, and the Australian prime minister will deliver a keynote speech to a conference on UK-Australian trade. This raises the question of whether such attention is just residual politeness, or whether – from a commercial viewpoint, at least – the countries still have something to offer each other.

On the trade front, the relationship has undergone some fundamental changes in the past 30 years. Britain has thrown its lot in with Europe, while Australia has cultivated its Asian neighbours. Between 1960 and 1990, the latter's merchandise exports to western Europe shrank from 46 per cent of the total to just 16 per cent. Today, about 60 per cent of Australia's trade is conducted in the Asian region.

That said, the two countries' trade ties are not just history. Australia sold A$2.39bn (£1.1bn)-worth of goods to the UK in 1992-93, a figure which has been increasing at a double-digit rate over the past five years, thanks partly to the growing popularity of Australian wine. Britain also remains the third most important source of imports into Australia and the trade balance tilts well in the UK's favour. However, the five-year trend in UK merchandise imports is flat.

The investment relationship is more interesting. According to a report by the Allen Consulting Group, the UK is the second-largest investor in Australia after the US and accounts for just less than a quarter of total foreign direct investment there.

As Australian trade officials point out, the nature of that investment makes it particularly valuable. About 44 per cent of it is in manufacturing. This means that UK companies actually outstrip their US counterparts as players in the core industrial sector.

It is tempting to think of this as an historical relic; after all, companies such as Pilkington have had Australian subsidiaries for a century or more. In reality, a smattering of recent deals – such as Tate & Lyle's A$325m purchase of Bundaberg Sugar, or United Biscuits' acquisition of Smiths Snackfood – have sustained the UK's relative position, while the US share of foreign investment in Australia has slipped and Japan's has grown.

The steady deregulation and privatisation of Australian industry has also thrown up new opportunities which UK companies – in some cases recently privatised themselves – have been prone to seize. BT's telecommunications contract with the New South Wales government or British Airways' minority stake in Quantas are cases in point.

From an Australian point-of-view, then, the British interest holds out the possibility of new capital and, to some extent, new jobs. At a time when the unemployment rate is in double-digits, Japanese investment is at low ebb and the smaller south-east Asian countries have yet to show much interest in placing their funds in Australia, this is welcome.

Arguments put forward by British trade officials for the continuing interest in Australia are more subtle. They like to stress the possibility of using the country as a route into the Asian markets, a thought which the Australian trade lobby eagerly encourages.

Hat trick: Prince Charles dons a firefighter's helmet during a reception for victims of the recent Sydney bush fires PA

"There's a comfort level," says David Richard, senior trade commissioner at Austrade. He cites the nations' similar legal systems, the availability of professional services in Australia, the pleasant climate, and so on.

For British companies with existing operations in Australia, there is some merit in this argument. The Allen report, for example, cites the experience of P&O (Australia), whose container handling, distribution, catering, maritime and port management arms all have expanding interests in south-east Asia.

But for companies seeking to set out a stall in Asia for the first time, the merits of the Australian route are more debatable, and even British trade officials admit it is a matter of "horses for courses". The downside is that, while Sydney or Melbourne are within the "Asian time zone", they still face a three-hour time difference with most south-east Asian countries. A flight between Sydney and Bangkok, say, takes eight hours.

Moreover, while Australia has been moving to reduce its tariff barriers, restructure labour market practices, and shed its bureaucratic image, this process is not complete.

Then there is investment by Australian companies in Britain. This has increased sharply over the past decade, after the removal of exchange controls, and amounted to about A$15.9bn by the end of 1992. A large tranche arrived in the late-1980s, when Australian "entrepreneurs" were riding high. Nevertheless, Australia's direct investment in Britain has risen by a further A$6.5bn over the past five years.

Few Australian companies have ventured into Europe without first securing a British base – with the result that more than 70 per cent of Australian investment in Europe is concentrated in the UK.

There are some signs that this is changing: for example, Amcor, the paper group, began its European strategy by building a plant in Cambridgeshire, and has subsequently expanded into France and Germany. But familiarity, it seems, tends to work both ways.

Unisys gratefully acknowledges the driving force behind our historic turnaround.

You.

Thanks.

Thanks to you, our customers — 60,000 strong in 100 countries – who stood by us because we stood by you.

Thanks to you, our dedicated employees – who were empowered with the responsibility to revive our company and responded like thoroughbreds.

Thanks to you, our supplies – who looked into our future and liked what you saw.

Thanks to you, our lenders and shareholders – who supported Unisys for putting ourselves on track before a lot of companies in our industry realized they were off track.

Thanks to all of you, Unisys has emerged from a precedent-setting turnaround more strongly positioned than ever to help our growing number of customers compete in a rapidly changing world.

"Most stunning turnaround since Chrysler."

We've now registered nine consecutive quarters of profit. We've climbed from a $1.39 billion loss in 1991 to profits of $296 million in 1992 and $362 million in 1993.

Computerworld calls the Unisys story the "most stunning financial turnaround since Chrysler." Forbes magazine praises it as a "textbook turnaround." First Boston analyst Curt Rohrman names Unisys the "best-managed company in the computer business."

But our turnaround is not over. And never will be.

For we've learned that a company must continue adapting to change by continuing to re-invent itself a little bit every day. It's not simply that today's business environment constantly changes – in a sense, constant change *is* the business enivronment.

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It all begins with the customer.

We keep coming back to the customer. Back to a recognition that *the customer is the foundation business is built on.*

That's why the customer is the root of our pioneering Customerize philosophy, a philosophy for serving our customers by helping them better serve their customers through information.

Guided by a focus on the customer, we've learned from our experience. And of all that we've learned, the most important lesson is this – Unisys begins not with us but with you.

Our turnaround is successful because of your support. It's a lesson we'll never forget.

Thank you for what you've taught us.

UNISYS

We make it happen.

James A. Unruh
Chairman and Chief Executive Officer

Major seeks to avert public sector pay row

By Philip Stephens, Political Editor

Mr John Major drew back yesterday from a confrontation with key public sector workers by signalling that efficiency savings would allow them to get round the government's cash freeze on its pay bill.

Downing Street officials said politically sensitive groups such as nurses and doctors could expect the government to meet the recommendations of independent pay review bodies for increases this year of between 2.5 per cent and 3 per cent.

The softening in the interpretation of the freeze in the public sector pay bill announced in last November's Budget came as Mr Major said he regretted raising taxes after pledging at the 1992 election to reduce them.

But amid further fierce exchanges in the Commons on the impending tax increases, the prime minister insisted that the Conservatives had not deceived voters at the last election.

Mr Major told MPs: "Events have forced us to raise taxes. I regret that. But it is necessary to raise taxes to make sure that we cut the borrowing requirement and provide the opportunity for sustained growth with low inflation".

The prime minister also won unexpected backing from Mr Norman Lamont, the former chancellor, who said that Labour's spending plans would mean still higher taxes.

But as the Commons prepared to reject an amendment to the finance bill blocking the imposition of value added tax on fuel, Mrs Margaret Beckett, Labour's deputy leader, insisted "the biggest tax hike in British history" marked a "total deception" of the electorate.

Downing Street indicated meanwhile that the prime minister was "relaxed" about the independent pay review bodies' decision to link their recommendations to the 2.7 per cent increase MPs awarded themselves.

Most Whitehall departments could expect efficiency savings of at least 2 and perhaps 3 per cent. That suggested that government would be able to meet most of the review boards' recommendations without breaching overall spending targets.

Officials insisted that this would not be a relaxation of the stance on public sector pay. It was suggested that while the 1.5m workers covered by the review bodies could expect pay rises above the present 1.9 per cent inflation rate, the other 3m public sector employees could expect tougher settlements.

The government could take a tough line with some low-paid employees such as local authority manual workers and perhaps, at the other end of the scale, with high-paid groups such as armed forces chiefs. But it could not afford a *confrontation* with the nurses, doctors and teachers who account for the bulk of the workers covered by the review bodies.

Companies eye Channel rail link projects

By Charles Batchelor, Transport Correspondent

Private sector companies interested in financing and building the £2.6bn Channel *tunnel rail link will be expec*ted to declare their interest over the next few weeks in spite of the many question marks which still hang over the project.

Although it is expected to take the government at least two years to get legislation authorising the line through parliament, negotiations will begin at an early stage on the form that private sector *involvement* will take.

Several construction companies have declared an interest and at least two consortia involved in earlier stages of the 68-mile rail link are still in existence. But further groups are expected to emerge over the next few months.

The government will seek to avoid the the lengthy delays and cost overruns which marked the construction of the *Channel tunnel* by seeking a consortium with a balance of construction, banking and other interests, said Mr Peter *Brittell of Sir Alexander Gibb*, consultants to the project.

Several construction companies, including Tarmac and John Laing are assessing the possibility of bidding.

Laing said it was still keen to carry out the work as part of a consortium. Early in the rail link project it joined the Rail-Europe consortium with a group of banks, engineering consultants and construction companies though it is not clear whether the same consortium would bid this time.

Eurorail, a consortium of Trafalgar House, BICC and GEC, has also expressed an interest. "But there is a lot of *detail which we still have to* look at to see precisely what they mean," a spokesman said.

Ove Arup, an engineering consultancy involved in drawing up plans for the route said it intended to join one of the consortia being established.

Hochtief, a German contractor *is also thought to be lead*ing one consortium while UK consultants expect that Japanese and other European *groups may be interested.*

As well as work on the line there are also sizeable contracts to be won to build the stations. The St Pancras terminus in London is expected to cost around £500m.

Blue Circle Industries, working with several local authorities, has put forward plans for commercial development at Ebbsfleet, near Gravesend, while a consortium including *P&O, Tarmac, Land Securities*, John Mowlem and Newham council have made proposals for a station at Stratford.

*To increase the attractive*ness of the project to the private sector, UK transport secretary Mr John MacGregor has decided to give the winning bidder the revenues from the train services operated through the tunnel between London, Paris and Brussels.

European Passenger Services, which will run the trains on behalf of the three national railways, expects to start a limited service in May.

Graham Stringer, of Manchester City Council, and Malcolm Southgate, of European Passenger Services, marked the start of construction work on Brtish Rail's International Depot yesterday

Building work on BR depot begins

Work began yesterday on the latest servicing and mainte*nance depot for Eurostar* passenger trains travelling through the Channel tunnel to mainland Europe.

The £9.5m Manchester depot is the third of four which will service trains around the UK.

The main site in west London has been completed, work began in November 1993 at Plymouth and construction will start soon at the Scottish depot near Glasgow, British Rail said.

Two return trains a day will link Manchester to Paris and Brussels from next year.

● The value of construction orders won by contractors in the UK rose by a tenth to £18.06bn during the first 11 months of last year compared with the corresponding period in 1992.

Figures published yesterday by the UK Department of the Environment indicate that a broad-based recovery has begun in one of the worst-hit industries during the recession.

The total value of orders at constant 1985 prices, allowing for seasonal variations, were 14 per cent higher during September, October and November than the previous three months and 23 per cent higher than during the corresponding period a year earlier.

The biggest increases over the 11 months were in public and private sector housing where the value of orders in current prices rose by 35 per cent and 19 per cent respectively.

Britain in brief

Underwriters see upturn in marine rates

Rises in insurance rates paid by ship owners have lead to an improvement in the results of London-based insurance companies specialising in marine insurance.

The Institute of London Underwriters, which provides back-up services to 74 London marine and aviation companies, said yesterday that its marine underwriters were experiencing the strongest upturn in rates for years.

The ILU warned, however, that it would be some time before profitability is restored, *following severe price compe*tition and heavy losses in recent years.

The ILU companies – which account on the same three-year accounting basis as Lloyd's – said preliminary figures indicated a strong increase in profitability last year. Premium income registered for hull business increased from £361m in the first year of three-year 1991 account, to £624.2m for the first year of the 1993 account. In the same period hull claims rose to £63.5m from £60.5m.

EU rural aid eligibility rises

The number of people living in areas of rural Britain who qualify for aid from European Union structural funds has doubled under the latest announcement from the European Commission.

Some 2.8m people live in areas covered by the Objective 5b programme of assistance to rural communities.

The assistance comes from the EU's structural funds, including the European Regional Development Fund and the European Social Fund. The total in 1993 was £60m.

The newly eligible areas include large parts of Devon, parts of Somerset, Suffolk, Norfolk and the Fens, Northumberland and large parts of Lincolnshire, North Yorkshire and Cumbria. Adjacent to central Wales, which already receives Objective 5b funding, parts of Herefordshire and Shropshire have become eligible. In Scotland, large parts of Central Grampian and Tayside regions have become eligible.

Plea over political funds

Companies should be required to ballot shareholders before making donations to political parties, the Institute for Public Policy Research said in a report published yesterday.

The left of centre think-tank also recommended restrictions on donations from overseas and a requirement for parties to publish names of donors giving more than £5,000 a year.

The report said the current system of funding UK political parties had led to a huge gap between the resources available to the Tories and the opposition parties. In the last parliament, the Tories had an income of £34m, Labour £16m and Liberal Democrats £3m.

Defence group cuts 400 jobs

British Aerospace yesterday announced more than 400 redundancies at its Royal Ordnance munitions and guns division.

The reduction at Royal Ordnance's Chorley factory in Lancashire brings to about 1,760 the total of Bae job cuts announced in the past two weeks. Six other plants in the group's civil aircraft and guided-weapons divisions are affected by the wave of cuts.

Sock Shop staff face shake-up

Sock Shop, the sock and fashion retailer, is shifting its 400 staff from full-time to part-time contracts, in line with a growing trend in the retail sector. Managers of Sock Shop's outlets, of which there are nearly 100, were banned yesterday from giving details of the change but it is understood that full-time staff will be switched to contracts of 20 hours per week over three days.

Homosexual law reform likely

The prospect that the House of Commons may lower the age of consent for homosexuals has increased after a decision by Mr Michael Howard, the home secretary, to back calls for it to be reduced from 21 to 18.

Mr Howard's decision to join a majority of the cabinet in supporting any amendment proposing 18 may swing in favour of the change a number of MPs on the right of the Conservative party in next month's vote on the issue.

Boost to cable TV industry

The cable television industry in the UK plans to spend £1.2bn this year in building the networks that carry both television channels and telecommunications services.

This figure, based on a survey of its members by the Cable Television Association, represents almost as much as in the past three years.

The extra construction will increase the number of people employed in the industry by the end of the year to a peak *of 16,000 – half* directly by the cable operators and the rest through sub-contractors, compared with the present *6,300 staff and around* 3,800 employed by sub-contractors.

Swan Hunter bid talks 'useful'

Price Waterhouse, receivers to Tyneside shipbuilder Swan Hunter, said a day-long meeting in London yesterday with German shipbuilders Bremer Vulkan, potential bidders for the yard, had been "useful". Further talks are to be held.

Milk board is pressed to review contracts

By Alison Maitland

The British government is pressing the Milk Marketing Board to allow dairy farmers to revoke contracts they have *signed with its planned succes*sor body, Milk Marque, in the light of changes to its reorganisation plans.

The board said yesterday it would consider the matter once the government had approved the revised proposals, although it argued that it was under "no legal compunction" to do so.

The board has dropped proposals to transfer the bulk of its assets to the new farmers' co-operative and offered concessions to the dairy trade on its milk selling system in *response to government con*cern that Milk Marque might be anti-competitive.

Negotiations with agriculture ministry officials over the changes have forced it to delay liberalisation of the £3.3bn milk market from April to November.

The board is now planning to float up to 49 per cent of its processing subsidiary Dairy Crest, more than originally *planned, to create a viable* asset base for Milk Marque in the absence of Genus, the cattle breeding service, and *National Milk Records*, which are to be hived off.

Mr Peter Morgan, the board's head of corporate affairs, said: "Our legal advice is that the contracts are perfectly valid. Those that signed with Milk Marque did so voluntarily." But he acknowledged that the ministry wanted to ensure farmers were content with the contracts they had signed. "We *wouldn't want to keep people* in against their will."

The government is understood to be concerned that producers came under pressure to sign contracts with Milk Marque late last year before knowing the final shape of the reorganisation scheme. Nearly half the 28,500 dairy farmers in England and Wales have already signed up.

Employers 'not pursuing anti-union drive'

By Robert Taylor, Labour Correspondent

Britain's companies are not pursuing an anti-union offensive among their employees, the Confederation of British Industry said yesterday. The employers' organisation says the sharp decline in union membership and collective bargaining since the mid-1980s reflects "a shared wish in the workplace for dealings on a different basis".

The CBI told the House of Commons employment committee's inquiry into the future *of unions: "There is no evi*dence that employers have been forcing the pace.

"A substantial number of employers work with trade unions in their businesses and find the relationships more or less satisfactory. More harmonious relations . . . may provide some positive reasons for employees to be less interested in union membership."

In a document submitted to the committee, it says "there is still scope for a continuing role for trade unions" but only if they adapt to change in the *enterprise rather than* obstruct. It argues that they should concentrate on providing advice and support facilities for individual workers in "seeking to invoke their legal rights" rather than on collective representation.

But the CBI says companies "anticipate dealing more directly with the workforce and building up relationships on an individual basis – but frequently to complement, rather than replace collective bargaining."

It says unions should "never *again" have "the capacity to* disrupt the commercial and day-to-day life of the nation and exercise excessive influence over government experienced during the late 1970s".

But the CBI backs the retention of the Trades Union Congress on statutory bodies such as the Health and Safety Commission, the conciliation service Acas, and the commissions on racial equality and equal opportunities. "Employers see merit in trade union involvement in bodies which bear on their members' direct *interests and concerns in the* workplace", it says.

Unlike the Institute of Directors, the CBI does not advocate any further legislation to deal with union power.

● A survey of 79 employer organisations in Britain published today by the research body Industrial Relations Services says that, in the past three years, they have undergone a change of role from collective bargainers with trade unions to advisory and lobbying bodies.

Co-ordinated EU interest rate cuts urged by Smith

By David Owen

Mr John Smith yesterday called for an immediate cut in interest rates to reduce the risk of the recovery being choked off by impending tax increases.

Speaking in Bonn, the leader of the opposition Labour party urged the government to "co-ordinate" further interest rate cuts with Britain's European *Union partners. He said: "This* is particularly important in Britain where the Conservative government are forcing through massive tax increases which even the chancellor of the Exchequer now admits will check the recovery."

Addressing a conference staged by Germany's SPD opposition party, Mr Smith argued that the consequences of allowing recovery to falter were "too serious to contemplate".

"The cohesion of our own communities is at stake," he said. "Recession and economic decline are clearly the breeding ground of crime, intolerance and racism. Europe cannot afford a downward spiral that would threaten not just our prosperity but our democratic way of life."

As MPs at Westminster began considering the finance bill implementing Mr Kenneth *Clarke's first Budget, Mr Smith* said the issues of jobs, investment and growth were back at the top of the economic agenda – "where they always should have been". But he urged his audience not to let the right dominate the current debate about jobs "as they did over inflation in the 1980s".

Signalling one likely theme of Labour's European election campaign in June, Mr Smith *said there was a clear* "jobs battleground" ahead.

"It is a choice between a high wage, high-tech, high *skilled route to the highest* possible levels of employment – and the Conservatives' low paid, low skilled, insecure, unsafe, deregulated economics of the sweatshop."

For Europe to prosper, what was needed was a "self-confident, adaptable, highly skilled and participative workforce", Mr Smith continued. "None of these qualities will be present in a sweatshop economy that drives down wages, removes employment rights and relies on fear to provide flexibility at the workplace."

Mr Smith said economic recovery was also necessary for the EU to fulfil its wider responsibilities by doing "all that we can to help the people of eastern and Central Europe".

Hurd invokes trade interest to defend exports

Jimmy Burns reports on the foreign secretary's evidence to the Scott arms-for-Iraq inquiry

Mr Douglas Hurd, the foreign secretary, yesterday invoked British trade interests to jus*tify the government's decision* to approve the export of British machine tools to Iraq less than two weeks before the invasion of Kuwait, in spite of intelligence warnings they could be used in weapons manufacturing.

Giving evidence to the Scott arms-to-Iraq inquiry, Mr Hurd said a ministerial meeting he chaired on June 19 1990 had taken into account the poten*tial* competition from other European Community partners.

The decision also followed *the relaxation of international* regulations on the sale of western technology to communist countries which was felt would *be exploited by Iraq.*

"We felt the time had come to change our policy. That the the circumstances had changed *and we should stir ourselves to* pursue one of our objectives which was to promote trade," Mr Hurd said.

Challenged by Lord Justice Scott and his counsel Ms Presiley Baxendale QC on whether the decision amounted to the government breaching its own guidelines, Mr Hurd said: "It was certainly pushing them [the guidelines] to the limit."

During nearly six hours of public testimony, Mr Hurd remained the consummate diplomat, courteous, but at the same time unflinching in his defence of the government's *position.*

"I would not accept there was a deliberate bending of the rules or that there was *a conniving [by ministers and* officials] in undermining a publicly stated policy," he said.

Mr Hurd argued that while shortcomings may have been identified by the inquiry, the evidence was still "light years from the suggestion made by the media that ministers were secretly arming Iraq or indulging in some wicked conspiracy".

He also backed the decision of his junior minister, Mr Tristan Garel-Jones to sign a public interest immunity certificate seeking to prevent the disclosure of government documents during the Matrix-Churchill trial.

Mr Hurd said that Mr Garel-Jones had been duty bound to *sign the PII certificate as not to* do so would have been "injurious to the public interest . . . and threatening *to the efficiency of govern*ment".

He said the decision had been wrongly interpreted by the media as representing an attempt to save the government from embarrassment and deliberately designed to "result in the conviction of people who were known to be innocent".

The hearing continues today.

The British government's decision to give aid to Malay*sia's Pergau Dam project will* fall under the spotlight again today when a committee of MPs considers whether to investigate the affair, James Blitz writes.

Members of the all-party Foreign Affairs Committee (FAC) will today discuss whether to conduct their own investigation into the project, which has cost the Exchequer about £300m and was described as a "very bad buy" by Whitehall officials late last year.

The Commons' Public Accounts Committee has recently examined the project and is due to release a report later this year.

A decision by the FAC to investigate the matter would be seen as a *serious develop*ment at Westminster.

It would give MPs their first opportunity to cross-examine ministers and permanent civil servants on the policy that led to the aid offer. The Public Accounts Committee has only been able to question one permanent secretary at the Overseas Development Administration on financial aspects of the deal.

Douglas Hurd arrives to give evidence yesterday Picture Tony Andrews

MANAGEMENT

Research round-up on quality and stress

The use of counselling in UK companies is more widespread even than in the US, claims a survey published by the TDA Consulting Group of London.

Based on face-to-face interviews and 285 responses to a questionnaire sent to human resources directors at the top 1.000 UK public- and private-sector employers, the study suggests that 86 per cent of UK organisations, covering 80 per cent of the workforce, provide some form of counselling.

Research in the US between 1984 and 1992 shows that only 80 per cent of organisations with 500 or more employees had employee assistance programmes.

Ninety-nine per cent of UK organisations, meanwhile, said that they had recently undergone significant changes in structure which have had an effect on the morale of their employees.

More than 50 per cent of human resources directors cited change management and employee stress as the main issues they seek to address through counselling. Very few organisations see counselling as a "perk", most expecting bottom-line benefits such as reduced absenteeism.

- The international quality standard ISO 9000 has had a mixed press. But a survey of organisations in the service sector, carried out by BDO Consulting, carries a more positive message.

Seventy-five per cent of the near 300 respondents felt that the advantages of ISO 9000 outweigh the costs. Improved consistency and efficiency head the list of internal benefits, with improved quality of service, less waste, better client retention and additional business also mentioned.

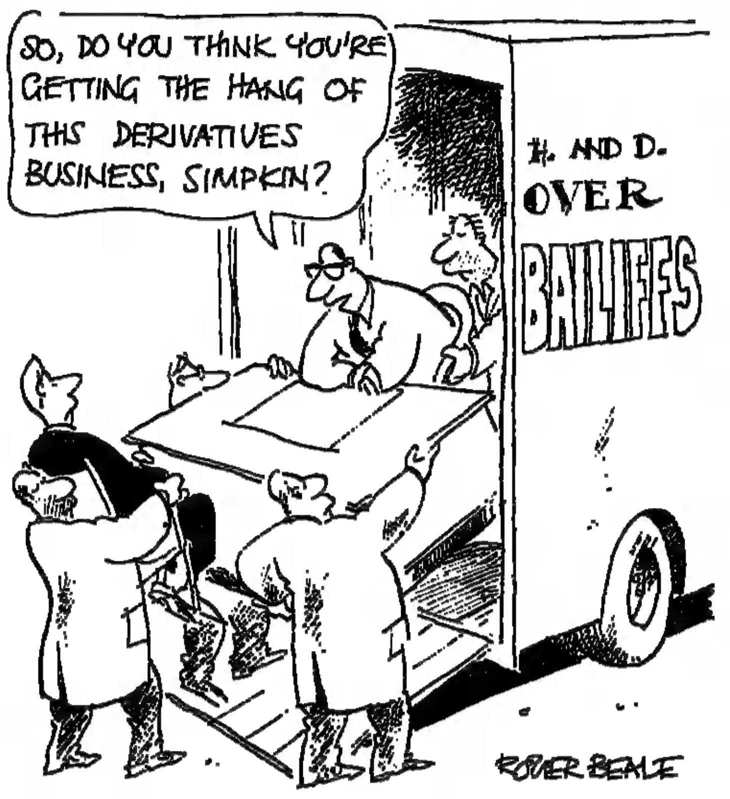
More than half of the respondents were implementing quality initiatives beyond ISO 9000, such as total quality management.

Two thirds of respondents noted improved staff performance, while a little over half had seen an improved attitude to customers. However, only 45 per cent felt that staff motivation had improved.

Tim Dickson

Eyeballing the finance director

Metallgesellschaft has highlighted the risks of derivatives, say Tracy Corrigan and Deborah Hargreaves



Huge losses on oil futures speculation which brought Metallgesellschaft, the German metals and engineering group, to the brink of insolvency this month, show how vulnerable some companies can be in today's fast-moving commodity and financial markets.

The company's fate is likely to confirm the belief of many senior managers that derivatives trading is dangerous and should be avoided.

"There is almost one [large corporate treasury loss] a year," says Howard Lovell, a partner in Coopers and Lybrand's financial risk management practice, who cites other cases at Allied-Lyons and Showa Shell. "And they all seem to involve the use of derivatives."

Senior managers are certainly right to be concerned. But, like it or not, derivatives trading is a reality for most big companies: without it they would have to absorb losses on their exposure to foreign currencies and to raw materials prices.

Lovell says companies fall into three categories: those where the top management understands futures and options trading and manages it effectively; those where senior managers do not understand derivatives and have put up a blanket barrier; and those companies using these sophisticated instruments without proper controls.

Lovell believes that besides the extremely large losses that have been reported, many companies lose smaller amounts through lack of technical understanding. He knows of at least five companies which have lost up to £200,000 in the past year – in one case because a corporate trader did not properly understand the pricing of a transaction, and in another because the tax implications of a trade were not calculated.

"Every company has different sets of exposures and has to work through what its risks are, how big they are, the availability of a hedge, the cost, and whether the risk is self-insurable," says Stephen Crompton, director of treasury at SmithKline Beecham. "If a risk is very small, it may not be worthwhile setting up the infrastructure to manage it."

The first step is to decide the aims and policies of the treasury department. Lovell says he is tired of corporate treasurers bemoaning the difficulties of explaining derivatives to senior management: it is their responsibility to do so. Managers should not allow themselves to be baffled by the highly technical content. They should not be content with reams of computer print-outs they do not understand.

"The basic thing is to be able to distinguish between the management of exposure and speculation," says Archie Donaldson, a director of The MTM Partnership and a former treasurer of ICI. He warns against "creating exposure in order to have something to manage".

Rather than banning speculation, though, it is necessary to identify genuine exposure and how it will be managed. "You should list and put through your board the policies you are going to pursue," adds Donaldson. For example, this should include the fixed and variable rate portions of debt, how that debt will be managed, and the limits of flexibility. The other key to safety is the enforcement of these controls. Most large losses have been incurred because dealers have doubled up on losing positions, or gone over their exposure limits. Had these positions been detected and tackled earlier, losses would have occurred but could have been contained.

Donaldson says checks are needed to counteract the impulses of human nature. "When the trader gets it wrong, he still believes it is just a matter of timing. Then he gets frightened and covers it up."

While there is never going to be a system which a determined individual cannot abuse, adequate monitoring should ensure early detection of fraud – "before the treasurer gets on the plane", as one corporate dealer says.

"You can't stop somebody doing an unauthorised trade," admits Derek Ross, a partner of Touche Ross. "But you can make sure it can be closed out the following day."

There are several important principles to follow, according to Ross: dealing must be segregated from exchange of confirmations on trades (which is part of the pre-settlement function), and payment instructions should be independent.

In addition, the management reporting function, usually provided by the accounts department, should be responsible for performance measurement. To establish a successful hedging business, treasury should be integral to day-to-day management.

At the most sophisticated end of the scale is British Petroleum, the international oil group, whose treasury department is run like a bank. BP has established the corporate treasurer's position as a route to a seat on the board.

The original purpose of BP Finance was to raise debt and cover the company's monthly running costs: these are in sterling while its receipts are chiefly in dollars. Now, however, if it sees an opportunity to make a profit in a market, it will take it, provided it is within certain set limits.

The finance operations are run as a separate profit centre which, as well as defraying the costs of running the company, can also add its own profit to the bottom line. But BP never splits out how much has been made or lost on the treasury function.

Trading options requires a sophisticated understanding of a highly technical area, as well as advanced systems. Companies should build up their trading expertise very gradually. "The problems in a lot of companies are caused by letting amateurs play when they don't understand the risks they are taking," says one corporate trader.

Smaller companies may not want anything quite as professional as BP's dealing room. But they should identify exactly what they do want before starting out.

Derivatives have proved dangerous for corporate treasurers because their complexity makes exposure harder to manage and to track. But used correctly they allow companies to reduce exposure and focus more keenly on their core business.

According to Neil Record, chairman of Record Treasury Management, the currency risk management specialist, the first thing that happens after a débâcle like Metallgesellschaft is that a senior manager will ask his finance director whether a similar disaster could occur. "The finance director should be able to look him in the eye and tell him why it couldn't happen," says Record.

Enthusiasm and a mission to train

Lisa Wood interviews the chief executive of Investors in People UK

Mary Chapman is getting used to the response at social gatherings when she describes her new job. "'Chief executive of Investors in People UK. Umm. I've heard of IIP.'" Then silence.

Chapman feels some sympathy. "The name is getting to be known, but less well understood is what IIP is about," she says.

IIP is a national standard for effective training. It was developed by the government as part of its strategy to address Britain's dismal record in this area. Until now Training and Enterprise Councils have been responsible for persuading employers to seek to attain the standard and validating it when they have done so.

IIP, which was launched yesterday, will now inject a national dimension into promotion and marketing. Supported by £2m of public funds, it should ensure that standards of assessment remain consistent and of high quality.

Chapman brings enthusiasm to her new job, which she says is based on her experience of working at L'Oréal, the French cosmetics company, latterly as director of personnel operations and management development for the group in the UK. Like other French companies, L'Oréal subscribes to a training levy which she says is evidence of a French national commitment to training.

The levy, she says, does not guarantee that training is good, but it establishes a culture with the potential to succour training. "L'Oréal did just that," she says, with the company's culture disseminating to its overseas operations. "Talking to my friends in this country I felt my then employer did more than most of theirs to allow us to fulfil our potential as well as uphold the quality of the company."

Chapman believes IIP can help companies to be more competitive and employees to be better skilled.

She says that IIP, contrary to many employers' expectations, is not about spending more on training programmes. Rather it is a mechanism for assessing whether or not a company's training fits its business needs. Attaining the standard may require specialist help from consultants, for whom grants are available.

So far the standard has been taken up mainly by the "great and the good" including Boots the Chemist, the retailing to drugs group; Grand Metropolitan, the food and drinks group, and Land Rover, the four-wheel-drive subsidiary of British Aerospace's Rover Group. The task now is to disseminate it more widely.

"It is not enough to say it's good to train people," says Chapman. "You have to be able to demonstrate how it benefits the bottom line in a way that businesses can measure."

Mary Chapman: fit training to needs

IIP, she says, can also influence the individual development of employees. At a division of Unilever, the management, while working on IIP, realised that it was not making the most of its female employees. An affirmative action programme has been introduced. Chapman says: "Worked with properly, the standard can help companies identify personnel matters such as these but it is then up to the company to decide whether it wants to do anything about it."

Big companies, she says, can use the standard as an audit tool, that is, to ask "are we as good as we think we are at linking our training to our business needs". Small companies can use it at a more fundamental level, which may result in new personnel and training practices.

BUSINESS AND THE ENVIRONMENT

Daniel Green considers a report which bolsters the case against banning phosphate detergents

Errors in the name of ecology

Could two decades of environmental policy have been mistaken? Have the US, Germany, Switzerland and many other countries unnecessarily forced changes on their industries and consumers in the name of ecology? Yes, according to the Phosphate Report* published today by Landbank, an environmental consultancy.

The report is a life-cycle study which examines the environmental impact of two kinds of detergents, phosphate-based and zeolite-based. Such studies try to take into account every aspect of the production and use of a product from raw material extraction to waste disposal.

Phosphates have been blamed for high levels of nutrients in rivers and lakes that lead to the dominance of algae over other life forms. Many countries have banned detergent phosphates as a result and encouraged a switch to zeolites.

But the report concludes that there is virtually no difference between the environmental effect of the two types of detergent, if all aspects of production and consumption are taken into account.

It is a conclusion that might have *been expected, given that the report* was sponsored by UK phosphate manufacturer Albright and Wilson, owned by the Tenneco industrial group of the US.

But *the two authors insist that* they have been independent and objective. Their credentials help: one is Bryn Jones, once director of lobby group Greenpeace, the other is Bob Wilson, *formerly a senior* lecturer in statistics.

They also claim that their report breaks new ground in the controversial area of life-cycle analysis, a technique notorious for producing disagreements among experts.

They pin their hopes on the Delphi Technique to iron out these differences. This method requires a panel of experts to give their views by completing an anonymous questionnaire. The results are summarised and fed back to the panel.

The panel members are invited to reconsider their position, or give arguments about why they are right. These arguments are then distributed to the panel again. The *process remains* anonymous and can be repeated until a consensus is achieved or irreconcilable positions established.

For the Phosphate Report, the panel *assessed the environmental* impact of 39 products generated by the likes of phosphate mining, road transport of materials and electricity generation for manufacturing plants.

Each expert gave a score for the environmental impact of each pollutant generated during the life *cycle of the two types of detergent.*

When the scores were added up, phosphate detergents scored 107 environmental impact points, and zeolite detergents 110 points. Jones gives the error as 10 per cent.

This alone should bolster the case against banning phosphates but the report is not finished yet. In its final *section, the authors argue that it is* much easier to take phosphates than zeolites out of waste water.

Lydia van der Meer

Phosphates versus non-phosphates: Two decades of 'green' policy could be wrong

Sweden already strips phosphates out of waste water and has banned advertisements that claim that zeolites are greener.

There are signs of a rethink in Switzerland, where detergent phosphates were banned in 1986 and phosphate-stripping plants built to protect lakes. The report quotes Ulrich Zimmerman, head of water quality for the Zurich Water Authority, calling for the ban on detergent phosphates to be revoked on the grounds that it has failed to improve water quality.

The report concludes with several recommendations ranging from a call for zeolite detergent manufacturers to abandon eco-friendly labels to a suggestion that wind power be used to supplement electricity supplies at Albright and Wilson's phosphate plant on the Cumbrian coast.

Of at least as much interest to consumers *is the finding that phos*phates are better cleansers: almost 1½ times as much zeolite detergent is needed to produce the same cleaning effect.

Swiss consumers have discovered this already. Their increased consumption of zeolite detergents, specialist stain removers and water softening machines may have been behind a rise in foaming at water treatment works, the report claims.

**The Phosphate Report, Landbank Environmental Research and Consulting, 6 Donaldson Road, London NW6 6NB, UK. Tel: 071 372 7122.*

Left to regulate without reward

British companies are failing to capture the new international markets for environmental technology, says a report* which claims British industry is lagging well behind Germany, the world leader.

The report, conducted ahead of one of this spring's leading trade exhibitions for environmental technology, analyses responses from 300 British companies, which make up around a tenth of the industry.

The clearest finding is that environmental regulation is the driving force behind the market's growth. More than three-quarters of the respondents said UK legislation was the reason for their customers buying environmental technology, and 61 per cent gave European legislation as the main factor.

Ministers have been keen to emphasise that "greener" can mean "richer"; that some people can make money from environmental regulation even though others will pay more. However, the report suggests that while the costs of regulation are borne by UK companies and consumers, much of the value of the market in environmental technology goes overseas.

The OECD and the US Environmental Protection Agency have both suggested that the world market for environmental products and services is currently worth \$200bn (£135bn). They differ on estimates for its value by the end of the decade: the OECD thinks \$300bn, and the EPA doubles that sum. But forecasters agree that the main growth will come from demand for waste management, air pollution control and water treatment technology.

German companies have captured 21 per cent of that world market, the survey estimates. In contrast, the "nascent" British industry is made up mainly of small companies, it says.

BM

**The British Environmental Technology Industry Survey January 1994, Environmental Policy Consultants. Tel: 071 372 7122.*

Fading blueprint of a greener world

Bronwen Maddox reviews David Pearce's latest book as he scrutinises the UK's environmental performance

David Pearce cannot be faulted on his timing. The book that made his name, *Blueprint for a Green Economy*, was published at the height of popular "green" enthusiasm in 1989, when Pearce was adviser to Chris Patten, then UK environment secretary. His second, *Blueprint 2*, which tussled with global environmental threats, was published in 1991 in the run-up to the Rio Earth Summit.

Now *Blueprint 3, which turns back to scrutinising the UK's environmental performance, arrives in the week in which the government publishes its strategy for "sustainable development" – the UK's considered response to Rio.**

Pearce, now head of environmental economics at London University, has made an important contribution to the environmental debate in each of these books. He has argued steadily that values can – and should – be put on the environment in forming government policy. While that principle is anathema to those environmentalists who feel the environment is priceless, he should be thanked for it.

Lack of such valuation leads to economic inefficiencies: people use too much of natural resources such as the capacity of the oceans or land to absorb pollution. The principle of valuation is also a good counterweight to the anti-liberal streak in the environmental movement: those campaigners who want to impose expensive conservation policies on the world without asking people whether they are happy to pay the price.

In one of his most detailed valuations, Pearce argues that the "social costs" of road use – noise, pollution, wear and tear on roads, congestion and accidents to pedestrians – amounted to between £23bn and £26bn in 1991. That was twice the amount fetched by road taxes; if the motorist were to pay the full cost of using the roads, taxes would need to double.

He will also win gratitude from the packaging industry for pointing out that the piecemeal way in which the government is forming its waste management policy could be highly expensive for industry without yielding the desired environmental improvements.

So far so good, although he is the first to acknowledge that such valuations are tentative and incomplete, particularly where they try to quantify the health effects of pollution. He also undermines some of his argument by adopting an academic's plaintive cry for theoretical perfection – he is distressed that "policy tends to evolve as a series of reactions to particular issues rather than as a considered response to an exercise in which priorities are ranked according to agreed criteria".

But the more serious weakness of the book is its attempt to use these valuation techniques in defining the course of "sustainable development" for the UK.

"Sustainable development" is a notoriously tricky concept which Pearce has grappled with in earlier work. He has in the past suggested two definitions. "Strong" sustainability, according to Pearce, means maintaining a country's stock of natural resources, while "weak" sustainability means maintaining a country's total capital, including both natural and man-made assets.

But although *Blueprint 3* treats these definitions as solid ground, safely won, gaping holes remain in his theories. It remains very hard to say what the definitions mean in practice. For example, in building new roads, a country would have to weigh the benefits to motor users against the acres of meadow which would be obliterated, to judge whether its overall capital – natural and man-made – was maintained. But how many butterflies and wildflowers are equivalent to how many miles of road?

That persistent problem in defining capital handicaps him in his judgments about whether Britain's policies are sustainable – probably not, he concludes.

It also makes it hard for him to develop one of the main parts of his argument: the proposition that if a country fails to value the environment properly, it is likely to be on an unsustainable path.

Of the three strands in this book – valuation, sustainability and criticism of government policy – only the last is new. He has carried over much of the first two themes – including their weaknesses – from previous books. Those who have followed the development of Pearce's theories over the past four years may well feel the blueprint is getting fainter.

**Blueprint 3 – Measuring Sustainable Development by David Pearce. 224pp, £10.95, Earthscan Publications.*

PEOPLE

JCB digs deeper in search for European victory

JCB is strengthening management of its European sales and service operation to raise its share of what the Staffordshire-based construction equipment producer has long viewed as its "home market."

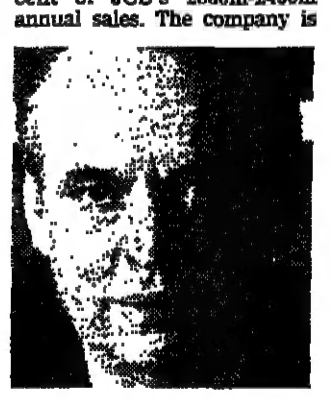
Pierre Leboucher, formerly head of the company's French subsidiary, right, has been appointed to the new post of European director.

He will henceforth be responsible for sales and distribution development throughout Europe and for targetting the major markets of Germany, France, Italy and Spain.

Leboucher is being succeeded as managing director of JCB France by Françoise Rausch, far right, who now becomes one of the few women to reach such an elevated position in what is still a male-dominated industry.

Leboucher's new job has been created by John Patterson, a JCB main board director who last year was appointed managing director for worldwide sales and service.

The European market is crucial for JCB; Europe, including the UK, accounts for 72 per cent of JCB's £350m-£400m annual sales. The company is



Europe's largest supplier of construction equipment in unit terms – although not in value.

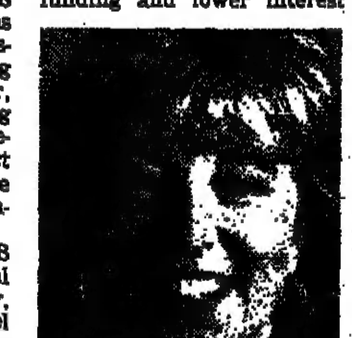
Patterson says JCB lifted its share of a declining European market from 9.5 per cent to 11.8 per cent last year, based on the eight main product types it competes in. But he wants to increase this to 15 per cent by 1996.

Leboucher's tasks will be to formulate how and where JCB expands on the continent, as the market comes out of recession. He will also be taking overall responsibility for, among other things, improving European logistics and implementing a revised product strategy based around three groups – heavy, main and compact lines.

Leboucher, who joined JCB in 1971, was one of the original team at the French subsidiary, which later became the model for other European operations. He sees increasing JCB sales in Germany as a top priority.

Rausch, meanwhile, is taking control of JCB's largest single export market, apart from that of the US.

JCB France had sales of FFr400m last year but Rausch – who has been with JCB for 21 years – believes sales could increase this year, helped by new JCB products, as well as an overall market pick-up spurred on by public works funding and lower interest



rates.

Rausch says that though the French construction equipment market has fallen by 50 per cent since 1989, it could rise by 5-10 per cent this year.

Scapa group appoints successor to Kent

Harry Tuley, chairman of mini-conglomerate Scapa, is becoming non-executive chairman of Staveley Industries. He replaces Brian Kent, who is retiring next month at the age of 61, after 16 years on the board of the measuring and mechanical engineering company.

Kent had combined the roles of chairman and group managing director between 1987 and the autumn of 1992, when Roy Hitchens came in, from BOC, as chief executive. Hitchens says that Kent is stepping down because his other interests are taking up a lot of time. He becomes president of the Institution of Mechanical Engineers in May.

Staveley employed headhunters to find Tuley, a Scapa veteran of 25 years standing. "The chemistry between the two of us is very good," reckons Hitchens, who, as an accountant, says he likes "the counterpoint" of Tuley being a trained engineer.

"It is not his company, but where he has operated – in America and continental Europe – that is of interest to me" says Hitchens.

■ **Les Armstrong**, formerly general manager of Dixons' and Currys' operations in Northern Ireland, has been appointed md at HAMPDEN GROUP.

■ **Colin Thwaite**, formerly deputy md, has been appointed md of Littlewoods Pools and a director of the LITTLEWOODS ORGANISATION on the retirement of Malcolm Davidson.

■ **Donald Samardich**, president of Cadillac Rubber & Plastics, has been appointed to the parent board of AVON RUBBER.

■ **Bill Fullagar** is appointed head of marketing at SANDOZ PHARMA in Basle; he is succeeded as md of Sandoz Pharmaceuticals UK by Jacques Racloz, head of the Japanese company.

■ **Frank Banks** is appointed director of aftersales at NISSAN MOTOR (GB); he is succeeded as sales director by Andrew Green, formerly marketing director.

■ **Calvin O'Connor** has been appointed treasurer of COURTAULDS TEXTILES as part of his current role of group financial controller.

■ **Michael Hellings** has been promoted to md of Haul Waste, part of SOUTH WEST WATER.

New Dell Euro-man

Dell, the US personal computer maker which introduced direct marketing to the computer business, has named Martyn Ratcliffe, 32, its top man in Europe.

As vice-president of Dell Europe, he takes the place of Bruce Sinclair, injured while holidaying in the West Indies. Sinclair, acknowledged as the architect of Dell's European reorganisation, is in the UK's Stoke Mandeville hospital, with a broken back. His injury, although serious, should not prevent a good recovery; but it will take time.

Joel Kocher, Dell's president of worldwide marketing, paid tribute to Sinclair's professionalism, adding that he would return to Dell in a position commensurate with his experience and contribution.

Ratcliffe was president and chief operating officer with personal computer company Zeos International; his other past experience includes president and chief operating officer of Vtech Computers, and posts with Nokia Mobile Phones.

Educated at Bath University and the City University Business School, Ratcliffe's first three months at Dell will be spent immersed in its European activities.

Shute recruits at Scottish Heritable

Roger Shute, former chairman of BM Group, has strengthened his hold on Scottish Heritable Trust, the struggling York-based mini-conglomerate in which he holds a 10 per cent stake.

He is handing over the chief executive's job to Brian Craig, 47, a property expert, and has also recruited Malcolm Mastin, 50, an old BM colleague, to be an executive director.

Scottish Heritable Trust is in talks with its bankers on the refinancing of its £24m debt; it has been selling off its industrial interests. The appointment of Craig, a consultant to Styles, Whitlock, chartered surveyors, is a further sign of transformation into a property company. Craig was a founder of Brookmount and is managing director of Craig European, a private property company.

Roger Shute, who took over from Edward Denison as chairman earlier this month, will remain executive chairman. The company's shares were suspended at 5p last November.

Television/Christopher Dunkley

Perils of the presentation game

Look for trends in television current affairs programmes early in [redacted] and only one thing [redacted] really clear: numbers [redacted] going up. Much the same is [redacted] of all other programme categories, but current affairs [redacted] the best place [redacted] identify other developments [redacted] occurring [redacted] greater [redacted] lesser extent throughout the medium, but more easily detectable here than elsewhere. In style [redacted] presentation there [redacted] two trends, and they seem to be moving in opposite directions.

Of course in the [redacted] still plenty of conventionally constructed work. In last week's *Assignment* on BBC2 Brian [redacted] in Hong Kong, investigating the approach [redacted] Britain's surrender of the territory in [redacted] provided the sort [redacted] exhaustive report which the [redacted] series [redacted] always made. There [redacted] have been anybody of [redacted] not interview. Three weeks [redacted] BBC2, [redacted] an exemplary, structurally familiar, [redacted] highly enjoyable pro[redacted] the journalist and politician Bill [redacted] in *Dear* [redacted].

In [redacted] week's *Undercover* [redacted] series [redacted] Channel [redacted] Graham Hall contributed [redacted] report on [redacted] torture and killing of badgers [redacted] enough [redacted] fill [redacted] timid viewer with a [redacted] vengeance against [redacted] make [redacted] dogs drag [redacted] badgers by the [redacted] from their underground setts. However, while [redacted] programme [redacted] vivid, deeply upsetting, and shot by one man using [redacted] equipment, it [redacted] put together in a [redacted] enough way. [redacted] was [redacted] exploits, [redacted] had to be, but he was not promoted [redacted] programme's [redacted] focus of interest, [redacted] even [redacted] much as Roger Cook is in his investigative programmes. We were kept informed by [redacted] perfectly ordinary script delivered in voice-over.

However, increasing numbers [redacted] programmes [redacted] not conform to the old conventions. [redacted] the one hand, there [redacted] those which merely shovel material into the viewer's lap, abandoning the [redacted] not only [redacted] a presenter but even of [redacted] voice-over. On the whole such programmes are clearly not expected to [redacted] big ratings winners. On the other hand there are more and more soft, [redacted] friendly programmes which obviously are meant to attract big audiences and in which a "personality" presenter [redacted] vital part of the attraction, sometimes the [redacted] important part, as with BBC1's Thursday night series [redacted] *Ross Presents* and possibly [redacted] *Winner's* [redacted] *Crimes* on ITV. A particularly striking instance is *The Bigger Picture* on BBC2 in which the presenter, comedian Billy Connolly, proves considerably [redacted] interesting than the subject [redacted] art.

Channel 4's archaeology series, [redacted] *Team*, [redacted] first [redacted] though it might be another example since the presenter, for [redacted] clear reason, is Tony Robinson, [redacted] known as Baldrick, [redacted] idiot [redacted] a cunning plan in [redacted] *Blackadder* series. In [redacted] *Team*, sounding like an enthusiastic primary [redacted] teacher, Robinson turns [redacted] rather good presenter; [redacted] the computer graphics used [redacted] superimpose a [redacted] fort, say, [redacted] a picture of the countryside as it is today, work very well. It is the *underlying* structure of the programme which [redacted] irritating, having been modelled, it [redacted] on *Challenge Anneka*. [redacted] of investigating King Alfred's stronghold at Athelney in the normal manner, the archaeologists [redacted] obliged [redacted] it at the trot, in three days, in response [redacted] sort of challenge from a (supposed?) letter writer. The archaeology [redacted] in perpetual danger of being smothered under [redacted] element.

But [redacted] more annoying than the "Never mind the pro[redacted], look [redacted] me" style is the opposite extreme where the producers pretend that the material [redacted] reaching [redacted] viewer untouched by human hand: quite unmediated. A prime example [redacted] recent edition [redacted] *Minutes* [redacted] "Caraline's Story" which purported to reveal, solely through her [redacted] mouth, [redacted] history of a [redacted] suffering from anorexia [redacted] bulimia.

Even more annoying than the 'never mind the programme, look at me' style is the opposite extreme, where the producers pretend material is untouched by human hand

The difficulty with this approach is that the viewer has no way of knowing how much credence to give to the subject: [redacted] Caraline's account of childhood abuse the gospel truth or [redacted] classic case of False Memory Syndrome? How should we know, the producer shirked his journalistic responsibility to investigate and explain and [redacted] us to guess for ourselves. Worse, [redacted] had shot Caraline's neurotic activities – bolting food and vomiting it down the lavatory – in [redacted] way that made Polanski's *Repulsion* [redacted] like *Bambi*: huge closeups of gobbling lips accompanied by amplified slurping effects, and then horror-movie back lighting [redacted] give Karloff-like dramatisation [redacted] the lavatory sequences. What you might call manipulator-on-the wall television.

Happily this season [redacted] brought *Further Abroad*, [redacted] series on Fridays, presented by Jonathan Meades, which [redacted] impossible to categorise. The first three of the [redacted] programmes have dealt [redacted] high buildings and consequent vertigo, brewing and pubs, [redacted] golf [redacted] to come are pigs and Belgium. Some might say that [redacted] chief concern is architecture, others [redacted] is the English class system, [redacted] yet others that it is to champion the [redacted] the new. For comparison [redacted] of Lucinda Lambton's [redacted] might [redacted] to mind, though you could [redacted] the mark [redacted] John Betjeman's poetry and [redacted] *The Sloane Ranger* [redacted] *book*.

The programmes are wonderfully funny, first because [redacted] witty: "Marmite, [redacted] German invention, [redacted] French [redacted] English institution. [redacted] that's not so [redacted] really, many of [redacted] institutions are imports; think of the royal family, think of vindaloo, [redacted] of Rottweilers". Second because he takes [redacted] with his scripts, which [redacted] that you listen: "This utilitarian landscape is golf's answer to, and unfortunate apeing of, agri-industrial prairie. It [redacted] only to itself."

Third, [redacted] producers, David Turnbull and Russell England, have set [redacted] deliberately to undermine [redacted] ridicule some of the supposed rules of television presentation. An interviewee [redacted] viewing tell us [redacted] be [redacted] the camera [redacted] that [redacted] a moment we [redacted] see him in a reverse shot .a . . except [redacted] suddenly [redacted] background in [redacted] usual double [redacted] and dark glasses. So who is the interviewee talking [redacted] course. The golf [redacted] included [redacted] English golf courses [redacted] of Scottish colonialism, [redacted] Meades appeared [redacted] beginning, wandering [redacted] from [redacted] pine [redacted] miming "Annie Laurie" [redacted] an Andy Stewart recording.

There [redacted] suspect in [redacted] of [redacted] English viewers [redacted] cleverness. "He's [redacted] clever by [redacted]" they say, [redacted] no [redacted] this series. Yet although [redacted] flippant [redacted] occasionally deliberately [redacted] he [redacted] points [redacted] make, whether about [redacted] motives for putting [redacted] tall buildings, the [redacted] pretentions of [redacted] golfers, [redacted] the [redacted] contrast between [redacted] high-tech surroundings [redacted] places where beer is [redacted] rie Englande atmosphere of [redacted] places [redacted] sold. We [redacted] believe that, [redacted] medicine, "serious" programmes ought to be thoroughly unpleasant [redacted] ingest, so [redacted] splendidly entertaining [redacted] against it. [redacted] justice it [redacted]

It [redacted] inconceivable [redacted] inspire enough imitations to [redacted] change [redacted] current [redacted] television generally because [redacted] depends wholly [redacted] idiosyncratic personality. However, [redacted] prove [redacted] outstanding [redacted] be created which depend neither on soft-centred celebrity presentation, nor on [redacted] scriptless fly-on-the-wall formula.

Modelled [redacted] Challenge Anneka? Tony [redacted] known [redacted] Baldrick, [redacted] presents Channel 4's archaeology [redacted] 'Time Team' [redacted] the [redacted]

Mime/Alastair Macaulay

Heavyweight 'Moose'

I [redacted] – but [redacted] *lot* [redacted] *my* [redacted] "I hate mime," I reply "I know what you mean." To them, "mime" means butch and bright-eyed eager beavers, [redacted] a mental age of [redacted] 14, hamming away like crazy, nudging [redacted] audience [redacted] under[redacted] the gist of their every point, making every point not once [redacted] repeatedly, and labouring [redacted] "say" things in [redacted] that could [redacted] said [redacted] quicker in words. Alas, [redacted] Right Size, a [redacted] men, [redacted] right bang into [redacted] category in its current show, *Moose*.

This production tells the farcical-tragico-sentimental-comic [redacted] of [redacted] ballooning brothers who manage to maroon them[redacted] in the wintriest areas [redacted] the Arctic. The sweetest thing about the [redacted] is in fact the story [redacted] tells – a story [redacted] also [redacted] Anglophone loner [redacted] whose one-room hut [redacted] arrive; the [redacted] they [redacted] communi[redacted] him until they realise that he speaks their lan[redacted] anyway; [redacted] stupid games they play with him (over a dreadfully meagre meal [redacted] a stupendously lethal drink); [redacted] barriers he puts up [redacted] keep them [redacted] inner [redacted] and his real need for [redacted]pany.

All of which is often touching, and could have made a vintage [redacted] movie. The [redacted] joke is [redacted] repeated joke *about* mime: whenever these guys try sign language, they misunder[redacted] each other totally. But what stops *Moose* from becoming wonderful, [redacted] even good, is [redacted] heavyweight [redacted] with which [redacted] is performed. As [redacted] with (second-rate) mime, [redacted] performers [redacted] little to make their onstage world real, and keep on selling everything oh! so keenly [redacted] their audience.

The quota of violence is high, the degree of virtuoso physical skill moderate, the quota of revealing human detail low, the quota of coher[redacted] subtlety nearly non-existent. The story, I repeat, is endearing. Yet anyone [redacted] imagine how [redacted] the great actor-clowns of the silent-movie [redacted] could have turned *Moose* into [redacted] work of art, whereas here it [redacted] merely a heavy-handed [redacted]

The Right [redacted] performs *Moose* at the Purcell [redacted] tonight. The London Mime Festival continues, in various venues, until Monday January [redacted]

A delayed debut: Denyce Graves, a natural as Carmen, quietly brooding and tempting, with a kittenish touch

Carmen steals the show

Denyce Graves [redacted] ill for Friday's Royal Opera *Carmen* revival writes Max Loppert. This was [redacted] big disappointment: since The charms [redacted] young American mezzo-soprano and the special qualities of her gypsy heroine [redacted] already been loudly hymned in several of the world's [redacted] operatic cities, her London [redacted] was eagerly awaited. In her absence, the house flew in an opening-night replacement [redacted] fine quali[redacted] of her [redacted] for her [redacted] alone the occasion proved [redacted] of time.

Magali Damonte, Marseilles-born, also new to London, is only the second francophone performer of Carmen in the postwar history of Covent Garden (the first, Lyne Dourian, also "jumped in" as [redacted] substitute, on a single evening during the [redacted] season). In [redacted] the shock of hearing [redacted] and spoken words delivered with clarity and bite, and with the teasing, throwaway inflections that only French singers [redacted] to have, [redacted] always a savoury [redacted]. Miss Damonte's stock of these brought happy rewards in the [redacted] and the daring flatness of her final rejections of [redacted] perceptibly to their shock-content.

[redacted] more to this highly attractive [redacted] than native accent. The figure [redacted] slim, the manner agile, the voice not large but warm, [redacted] quick-speaking, with a dusky [redacted] in mid-range that lent a personal [redacted] to [redacted] of Bizet's key phrases.

Nervousness [redacted] perceptible, and excusable, in [redacted] of Act 1; thereafter, although the rampant banality of [redacted] Nuria Espert production proves no stimulus to any sort [redacted] inventiveness, its very mediocrity [redacted] surprises were [redacted] on a late arrival like Miss Damonte.

Certainly [redacted] herself a return invitation. The other main principals are capable, although the dead hand of the production team tells [redacted] obviously in their vocal and physical actions: Neil Shicoff [redacted] serious, passionate José too frequently reliant on all-out forcefulness, Barseg Tumanyan [redacted] energetic, unstylish Escamillo, Leontina Vaduva an appealing but too tremulous Micaela.

Our critics watch Magali Damonte and Denyce Graves overcome a dead-handed production

To [redacted] built-in handicaps of this hopeless, irredeemable *Carmen* staging, the revival [redacted] thrown [redacted] new [redacted] that of conductor. [redacted] all the [redacted] Jeffrey Tate has led [redacted] Covent Garden [redacted] far, *Carmen* an opera which thrives on Gallic lightness, snappiness [redacted] handling is surely the [redacted] to which his musical gifts are [redacted] aptly suited.

By Monday night the promised Carmen had arrived, writes Richard Fairman. Reading [redacted] gypsy's [redacted] had presumably warned her that [redacted] would face a different Don [redacted] from her stand-in [redacted] that the [redacted] of them would have to inject any life that there [redacted] to be in the performance.

As much of Europe [redacted] the US have already discovered, Denyce Graves is [redacted] natural [redacted] Carmen. Quietly brooding, tempting, she plays [redacted] role with [redacted] kittenish touch, teasing the soldiers [redacted] giving Don José a surprise by springing upon him from behind. Her dark mezzo flashes various colours, including [redacted] warning red in [redacted] chest register when her temper is roused. As she [redacted] and sounds a Carmen, [redacted] judges rightly that she [redacted] no need to work overtime [redacted] put [redacted] character across.

Her José, the tenor Richard Margi[redacted] is not so lucky: he [redacted] physically on the [redacted] and his voice, so clean and bright in Italian opera, sounds [redacted] little sensuous and flexible in French. [redacted] does work hard, especially [redacted] getting sensitivity into his singing, and all his intentions are going in [redacted] right direction, [redacted] if [redacted] ounce of passion [redacted] missing. Their final scene together belongs [redacted] Graves, who underplays to a daring degree, always still, calm, the emotion held within. Her Carmen somehow belongs in [redacted] different kind of production.

Royal Opera House: in repertory until February 2

INTERNATIONAL ARTS GUIDE

■ BONN

Oper Tonight, Sun: Yuri Lyubimov's production [redacted] Jenufa. Tomorrow: Dennis Russell Davies conducts Gian-Carlo del Monaco's new production of Les Contes d'Hoffmann, with Marcus Haddock in title role. Fri: Lortzing's Der Wildschütz. Sat: Valery Panov's production of Prokfiev's ballet Cinderella. Mon: Barbara Hendricks song [redacted] (0228-773667)

■ BORDEAUX

The [redacted] production [redacted] had [redacted] open [redacted] Sports [redacted] coming Sun, has [redacted] municipal budgetary [redacted] The [redacted] will [redacted] ahead as planned, as will the staging of [redacted] Grand Théâtre from Feb [redacted] to 23 (5648 5854)

■ COLOGNE

Opernhaus The main [redacted] week is the first night on Sat of Harry Kupfer's [redacted] production of Shostakovich's The [redacted] conducted by James Conlon, repeated Feb 2, 5, 9, 11 and [redacted] (0221-221 8400)
Philharmonie [redacted] Vonk conducts Cologne Radio Symphony Orchestra in [redacted] by Stravinsky and Haydn on Fri and Sat. There [redacted] concerts by [redacted] Chamber [redacted] tonight and Canadian [redacted] on Sun. [redacted] 1: [redacted] piano recital. Feb 6, 7, [redacted]: Murray [redacted] plays Beethoven. Feb 18: [redacted] and Orchestra of Age of Enlightenment. [redacted] José Carreras (0221-2801)

■ COPENHAGEN

Royal Theatre Tonight: [redacted] opera Maskarade. Tomorrow, Sun afternoon: Helgi Tomasson's production [redacted] Sleeping Beauty. Fri: [redacted] Melbye's [redacted] production [redacted] Cosi [redacted] Sat, next [redacted] Tosca (tel 3314 [redacted])

■ DRESDEN

Semperoper Tonight, Sun: [redacted] production of Prokofiev's [redacted] and Juliet, choreographed by Stephan Thoss. Tomorrow: [redacted] Saxoniae play music by Zelenka, Graun [redacted] Mozart. Fri: The [redacted] Sat, [redacted] Wed [redacted] with Gwyneth Jones. Mon: [redacted] Staatskapelle chamber music evening (0351-484 [redacted])

■ FRANKFURT

Alte [redacted] Tonight: Esa-Pekka [redacted] conducts [redacted] Symphony Orchestra in works by Sandström, Berg [redacted] Bartok, with violin [redacted] Gidon Kremer. Fri: Heinz Holliger and friends play chamber music by Carter and Holliger. Sat: Christy Moore, Irish [redacted] singer. Sun: Thomas Hampson [redacted] recital. Mon: Anatol Ugorksi piano [redacted] (069-134 0400)
[redacted] Tomorrow: Harlem Gospel Singers. Fri: Dionne Warwick. [redacted] Leonard [redacted] conducts Bamberg Symphony Orchestra in works by Haydn, [redacted] and Tchaikovsky, with soprano soloist Linda Hohenfeld (069-360 1240)
Oper Tomorrow: William Forsythe's [redacted] The Loss [redacted] Small Detail. Fri: Nikolaus Lehnhoff's production of Lohengrin. Sat: Die Fledermaus. [redacted] (Schauspielhaus): Forsythe's ballet Alien Action. Sun: Il barbiere di Siviglia (069-236061)

■ GOTHENBURG

[redacted] Tomorrow, Fri: Göran Nilson conducts Gothenburg Symphony Orchestra in works by Piston, Gershwin and Bernstein, with piano soloist Bengt Forsberg (031-167000)

■ HAMBURG

Staatsoper Tonight, Fri: Johannes Schaaf's production of Entführung. Tomorrow, [redacted] Mon, Tues, Wed: [redacted] Ravel ballet trilogy, choreography by John Neumeier. Sat: Don Pasquale. Sun: Tannhauser with Wolfgang Schmid: [redacted] title role (040-351721)
Musikhalle Tomorrow: Esa-Pekka Salonen conducts Swedish Radio Symphony Orchestra, with violin soloist Gidon Kremer (040-354414)

■ LEIPZIG

[redacted] Tomorrow, Fri: Lothar Zagrosek conducts Gewandhaus Orchestra in works by Brahms, Bartok, Berg and Haydn, with piano soloist Annerose [redacted] soprano Inga Nielsen. Sun: Robert Schumann Quartet plays string quartets by Haydn, [redacted] Mendelssohn. Next Tues: Fabio Luisi conducts MDR Symphony Orchestra in Hindemith, Korngold and Strauss, with violin [redacted] Ulf Hoelsche (0341-713 [redacted]

■ LILLE

[redacted] Siècle Fri, [redacted]: Yehudi Menuhin conducts Orchestre National [redacted] Lille and Chorus in Bach's B minor [redacted] Tues, Wed: Menuhin conducts [redacted] works by Pärt, Schubert and Beethoven (2012 8240)

■ LYON

Auditorium Tomorrow, [redacted] Eliahu Inbal conducts Orchestre National [redacted] Lyon in Mahler's Seventh Symphony (7660 3713)
Opéra Fri: [redacted] Nagano conducts [redacted] orchestral concert with soprano soloist Margaret Price. Feb 4-13: Louis Erlo's arrangement [redacted] Les Contes d'Hoffmann. [redacted] 8: Thomas Hampson (tel 7200 [redacted] fax [redacted] 4546)

■ MUNICH

Staatsoper Tonight, Sat: [redacted] Neumeier's ballet A Midsummer Night's Dream. Tomorrow: Cav [redacted] Pag, with Agnes Baltsa, [redacted] Cappuccilli and Vladimir Atlantov. Sun, [redacted] Don [redacted] Titus and Jane Eaglen. Next Mon: [redacted] conducts [redacted] night of Tom Cairns' new production of Un ballo in maschera, [redacted] Julia Varady, [redacted] and Wolfgang [redacted] (next performances Feb 3, 6, 9, [redacted] and 16). [redacted] Tues: Peter Wright's production [redacted] (089-221316)
[redacted] Tonight: Enoch zu Guttenberg conducts Munich Bach Collegium in [redacted] Sat, [redacted] Munich Philharmonic [redacted] in Beethoven's [redacted] and Third Symphonies (089-4809 8614)
Kammerspiele [redacted] production of Shakespeare's The Tempest [redacted] on Fri, [redacted] by [redacted] Dorn and designed by Jürgen [redacted] (089-2372 1328)

■ OSLO

[redacted] Tonight: Grant Llewellyn conducts Stavanger Symphony Orchestra. Tomorrow, Fri: [redacted] Jansons conducts [redacted] Philharmonic Orchestra in symphonies by [redacted] Shostakovich. Feb 11: Sinopoli conducts Mahler [redacted]

■ SAINT-ETIENNE

[redacted] Tonight, Fri, [redacted] Patrick Fournillier conducts Antoine Selva's new production [redacted] Gounod's [redacted] (7725 3518)

■ STOCKHOLM

Royal Opera A [redacted] production [redacted] Lohengrin [redacted] on Fri, staged by Götz Friedrich and conducted by Siegfried Köhler, with [redacted] Winbergh in [redacted] role. Repertory [redacted] includes Cav [redacted] Pag, Cosi [redacted] and Elektra (tickets [redacted] information 08-203515)
[redacted] Tonight: Niklas Willen conducts Royal Stockholm Philharmonic [redacted] in works by Beethoven, CPE [redacted] and Pettersson (repeated on [redacted] afternoon in Berwaldhallen). [redacted] Berg Quartet. [redacted] 3, 5: concert performances [redacted] Die Frau ohne [redacted] (tickets 08-102110 information 08-212520)

■ STRASBOURG

Théâtre Municipal Sylvie Brunet sings [redacted] in [redacted] Opéra du Rhin production of Iphigénie en Tauride tonight and Fri, repeated in Colmar [redacted] on Feb 6 (8875 4823)

■ STUTTGART

[redacted] Tonight: Stuttgart [redacted] in [redacted] Haydée's production of [redacted] Tomorrow, Sun: Elektra with Gabriela Schnaut and Eva [redacted] Fri, [redacted] Mon: Ingo [redacted] Schaaf's [redacted] production [redacted] Rigoletto, with Wolfgang Schöne, [redacted] Smith. [redacted] first night [redacted] ballet [redacted] bill, choreographies by Azari Plissetski, [redacted] and Petipa. Feb 2-7: Stuttgart Ballet presents [redacted] Rogers and Hart [redacted] Your Toes (0711-221795)

ARTS GUIDE

Monday: Berlin, [redacted] York [redacted] Paris.
Tuesday: Austria, Belgium, Netherlands, Switzerland, Chicago, Washington.
Wednesday: France, Germany, Scandinavia.
Thursday: Italy, Spain, Athens, London, Prague.
Friday: Exhibitions Guide.

European Cable and Satellite Business TV

(Central European Time)

MONDAY TO FRIDAY
Super Channel: European Business Today 2230; repeated [redacted] 0715
MONDAY
Super Channel: FT Reports [redacted]
TUESDAY
Super Channel: West of [redacted]
Euronews: FT Reports 0745, 1315, 1545, 1845, [redacted]
WEDNESDAY
Super [redacted] FT Reports [redacted]
THURSDAY
Super Channel: West of Moscow 1230; FT Reports [redacted]
Euronews 0745, 1315, 1545, [redacted]
FRIDAY
Super [redacted] FT Reports [redacted]
[redacted] FT Reports [redacted]
SATURDAY
[redacted] 0330; [redacted]
SUNDAY
Super Channel: FT Reports [redacted]
[redacted] FT Reports 1730; 0430

Ian Davidson

Least bad option

There is no end in sight to the turmoil in western policy on Bosnia

You may be perplexed by western policy on the [redacted] in Bosnia, and no wonder. Fortunately, I [redacted] describe it in [redacted] word: turmoil. I have it [redacted] impeccable authority in Whitehall: "We [redacted] all in turmoil."

They are in turmoil because the Geneva [redacted] negotiations have collapsed, which seems [redacted] imply [redacted] fight to the finish by the warring parties and a [redacted] blow [redacted] the peace process offered by the [redacted] if [redacted] process really is dead, the [redacted] will [redacted] to make a fundamental reappraisal of policy. That [redacted] why [redacted] is turmoil: governments [redacted] casting around for [redacted] thing else to do, and so far they [redacted] found nothing.

There [redacted] three *symptoms of disarray*. First, [redacted] the [redacted] affecting [redacted] on [redacted] ground: one Belgian general [redacted] withdrawn exhausted and one French [redacted] eral [redacted] for criticising the [redacted] leadership.

Partly [redacted] result, [redacted] heard sporadic [redacted] in London and Paris, mainly from [redacted] ministries, [redacted] governments [redacted] to bring their troops home. Why [redacted] *dangers of* "peacekeeping" if the three communities in Bosnia refuse to make peace?

Third, [redacted] quite contradictorily, the French government [redacted] calling for [redacted] forceful *western strategy* [redacted] *impose* peace on the ground, which would include US military involvement. The [redacted] has immediately stamped [redacted] the [redacted] will not get involved in [redacted] war in [redacted] The [redacted] *they* [redacted] *put forward* [redacted] plan anyway.

It is hard to imagine what [redacted] French can [redacted] up [redacted] But neither Britain [redacted] is likely [redacted] withdraw [redacted] troops unilaterally. A top French [redacted] cial [redacted] "There is simply no question [redacted] just pulling [redacted] French troops like that." A unilateral withdrawal of British troops looks equally unlikely; if [redacted] is a change in UK policy, it will [redacted] co-ordinated with other western countries.

In fact, [redacted] governments, starting [redacted] and France, [redacted] yet conclude [redacted] their [redacted] bad option is [redacted] stick with their present Bosnia policy. It [redacted] deeply unsatisfactory from many points of view: peacekeeping [redacted] not bringing [redacted] the humanitarian aid operation [redacted] being largely frustrated; and [redacted] magic circle comprising the UN, the United Nations Protection Force (Unprofor) and [redacted] riddled with double-speak and ambivalence.

But [redacted] present policy is what [redacted] governments were [redacted] with [redacted] they found all the other options looked worse. [redacted] Whitehall completes [redacted] current review, it may [redacted] the [redacted] conclu[redacted] as before: the [redacted] that the [redacted] has got worse [redacted] not [redacted] new and [redacted] options have suddenly [redacted] available.

One argument which may [redacted] down the impetus for [redacted] withdrawal of troops is that it [redacted] precipitate other [redacted] more dangerous [redacted] anything we [redacted] face. [redacted] one time, for example, [redacted] Americans [redacted] an actively pro-Moslem policy, on [redacted] grounds [redacted] victims in [redacted] unequal [redacted] and deserved [redacted] helping *hand. They encapsulated* [redacted] proposal in [redacted] catchy little slogan "lift-and-strike": lift the [redacted] embargo on [redacted] Serbs.

The [redacted] proposal was [redacted] by Britain and France, partly [redacted] the grounds [redacted] air strikes would [redacted] totally incompatible with [redacted] peacekeeping and humanitarian aid, [redacted] would [redacted] withdraw their troops. But if Britain and France [redacted] withdraw [redacted] troops quite independently, then [redacted] part of the argument against "lift-and-strike" would disappear.

In fact, [redacted] are other, stronger arguments against "lift-and-strike" – tactical, strategic and political. It is [redacted] empathise with moral indignation at the barbarity of the Serbs' war of conquest and [redacted]. But indignation pro[redacted] *no confidence* [redacted] partial, indirect, arm's-length intervention by the [redacted] on behalf of [redacted] Moslems would make us feel [redacted], let alone produce [redacted] more satisfactory result on the ground.

Let us [redacted] such an indirect intervention [redacted] to help the Moslem side in the [redacted] *we think* [redacted] could nicely calculate, in [redacted] or afterwards, just how much help they [redacted] have, or [redacted] scribe just how much land they should recapture in [redacted] name of justice? Or [redacted] we just want [redacted] fairer war? This [redacted] policy could [redacted] be expressed in a UN resolution, [redacted] the Russians [redacted] it. [redacted] would it merely be [redacted] by a [redacted] of enthusiastic governments, regardless of [redacted] protests [redacted] other [redacted]

The only [redacted] result of [redacted] helping [redacted] the [redacted] lems [redacted] and other Slav [redacted] would step [redacted] their help to the Serbs. The [redacted] in Bosnia would then [redacted] much bigger [redacted] and not merely would [redacted] no guar[redacted] that the [redacted] would [redacted] better, we would [redacted] ourselves embroiled in [redacted] proxy [redacted] against [redacted] Rus[redacted]

According [redacted] the [redacted] tional wisdom, ethnic [redacted] on [redacted] Yugoslav pattern [redacted] likely [redacted] the main [redacted] stability [redacted] Europe in [redacted] years [redacted]. The conventional wisdom [redacted] surely wrong. [redacted] there [redacted] to [redacted] serious threat to [redacted] Europe, it would [redacted] likely come [redacted] Russian attempts to recapture [redacted] empire in [redacted] Europe; Russian nationalists [redacted] *already talking threateningly* about [redacted] tries.

The west has refused [redacted] intervene directly in Yugoslavia in [redacted] that might [redacted] ceivably have curbed [redacted] could now respond [redacted] breakdown in Geneva simply by withdrawing all [redacted] troops. That would be brutal and heartless, but rational. But if [redacted] now deliberately [redacted] pursue [redacted] policy designed to maximise [redacted] of [redacted] war as well as the risks of open conflict with Russia, without [redacted] compensating advantage, we should be guilty [redacted] hare[redacted] folly.

Riddle of the three Guys

Belgium's French-speaking Socialists face allegations of corruption, writes **Andrew Hill**

[redacted] Guy Spitaels (above) [redacted] Guy Coëme (right), Belgium's deputy prime minister, have quit along [redacted] Guy Mathot

The [redacted] *palais* [redacted] *justice* in Liège stands [redacted] the brink of a vast hole, excavated [redacted] ago as part of a plan [redacted] reno[redacted] the Belgian city's central square. But while the city *authorities* [redacted] *about* [redacted] to [redacted] with the hole, Mrs Véronique Ancia, one [redacted] the palais' investigating magistrates, is opening up a second pit with an inquiry which threatens to undermine one of the partners in Belgium's fragile coalition government.

Mrs Ancia [redacted] digging into allegations of bribery and corruption in Belgium's French-speaking Socialist party, the [redacted] *Liège*, [redacted] *francophone* region of Wallonia, is getting used to such probes: in 1992, [redacted] example, the city's [redacted] tarnished when the then [redacted] stronghold [redacted] given a 28-month suspended prison [redacted] for accepting [redacted] parking meter and property con[redacted] *companies*.

But what [redacted] Mrs Ancia's inquiry apart [redacted] hum[redacted] allegations of Belgian political corruption is the fact that [redacted] triggered by [redacted] murder, and [redacted] it could [redacted] *country's fragile four*-party government, [redacted] up of Christian Democrats and Socialists from both sides of Belgium's French-Dutch lan[redacted] divide.

On Friday, her inquiry [redacted] *ministerial* victims. Mr Guy Coëme quit [redacted] Belgium's deputy prime minister, quickly followed by [redacted] Guy Spitaels, respected [redacted] of the regional government [redacted] Wallonia, and Mr Guy Mathot, *Wallonia's interior minister.*

Mrs Ancia [redacted] to interview the trio – inevitably dubbed "the three Guys" – [redacted] claims [redacted] promised [redacted] the [redacted] return [redacted] awarding [redacted] helicopter [redacted] Agusta, [redacted] Italian aircraft manufacturer, in [redacted] Belgian parliament [redacted] *already agreed to* [redacted] lifting [redacted] Spitaels' and Mr Mathot's immunity from prosecution. Mr [redacted] yesterday asked [redacted] separate parliamentary committee [redacted] clear the way for him [redacted] defend his position in the Belgian supreme court.

All three deny any wrongdoing. Agusta [redacted] due [redacted] hold [redacted] conference on the [redacted] week, and is expected [redacted] repeat its denials that it [redacted] connected with illegal financial dealings.

So [redacted] the Agusta [redacted] just an easily contained [redacted] ruction affecting [redacted] partner, [redacted] a potential earthquake that could bring down [redacted] *government?*

What [redacted] certain [redacted] that extensive leaks of Mrs Ancia's report [redacted] parliament have provoked a rare passion in [redacted] Belgian media and exposed divisions in [redacted] PS which will [redacted] *difficult* [redacted] *patch over.* [redacted] Standaard, the heavyweight [redacted] daily, summed up the crisis on Monday with [redacted] toon of [redacted] crumbling PS headquarters with [redacted] large, helicopter-shaped hole punched in [redacted] *supporting wall.*

Leading francophone Social[redacted] admit that [redacted] main [redacted] the affair is provoking such fervour is that Mrs Ancia's inquiry into [redacted] Agusta affair [redacted] triggered by her parallel investigation into the 1991 murder of Mr André Cools, *for*[redacted] PS leader and prominent *Liège Socialist.* He [redacted] gunned down in a Liège street [redacted] left his mistress's apartment. But although rumour is rife, nobody has yet proved a connection between the Agusta bribery allegations and the killing.

However, a deep desire [redacted] seek [redacted] solution [redacted] the Cools *assassination has prompted* some prominent members of the [redacted] and friends of [redacted] dead [redacted] testify against their colleagues in the Agusta affair. As Mr Philippe Busquin, leader [redacted] weekend: "The [redacted] of [redacted] *problem* [in [redacted]] [redacted] this [redacted] is a [redacted] – [redacted] just anybody's [redacted] – [redacted] death [redacted] *a former PS president.* [redacted] have to know who [redacted] behind the assassination of André Cools, and [redacted] mixing [redacted] this problem ... with other problems has [redacted] an [redacted] and passionate atmosphere *which* [redacted] *quite understandable.*"

[redacted] not calculated [redacted] Belgium's coalition government, which [redacted] spent [redacted] of [redacted] 22-month [redacted] tiptoeing along the edge of crisis. [redacted] *far, Mr Jean-Luc* Dehaene, the tenacious Flemish Christian Democrat prime minister, has managed [redacted] step other pitfalls. Partly [redacted] is because the government parties [redacted] afraid [redacted] opposition parties – particularly the right-of-centre liberals – might bounce them [redacted] in [redacted] early general election. Mr [redacted] has [redacted] profited from that fear, which [redacted] push through [redacted] measures such [redacted] constitutional reform and budget cuts.

A cartoon shows the PS party's building with a helicopter-shaped hole in one wall

However, before Friday's *clutch of resignations,* [redacted] beginning [redacted] look [redacted] In particular, [redacted] opposition [redacted] pressing home its criticism of the government, which is still trying [redacted] implement unpopular austerity [redacted] sures and cut [redacted] country's *budget deficit.*

Then [redacted] Wednesday, MPs from the Flemish coalition par[redacted] prevented Mr [redacted] from blocking [redacted] opposition parliamentary [redacted] for [redacted] resignation [redacted] *It was* [redacted] deputy prime minister, and his colleagues in the regional government, would have to go, or risk opening up the old Flemish-Walloon political divide which has brought down previous coalitions.

According to observers, the ministers' departure came just at the right moment, as international investors in Belgian bonds and currency began to question [redacted] government's chances [redacted] survival. Mr Peter Praet, [redacted] Banque, Belgium's [redacted] bank, [redacted] that [redacted] after [redacted] proclaiming [redacted] cence, the trio finally realised they had [redacted] "political responsibility" [redacted] resign.

The [redacted] temporarily to have [redacted] political tension. At the weekend, [redacted] coalition parties reaffirmed [redacted] commitment [redacted] continue *in government, in* [redacted] the large-scale national and regional [redacted] provoked by the turmoil within the PS. The standard PS line on the affair has also become clear: from the grassroots upwards, francophone Socialist officials are echoing their president's call for "clarity [redacted] respect for the judicial procedure". *Apart from that,* it is business as usual.

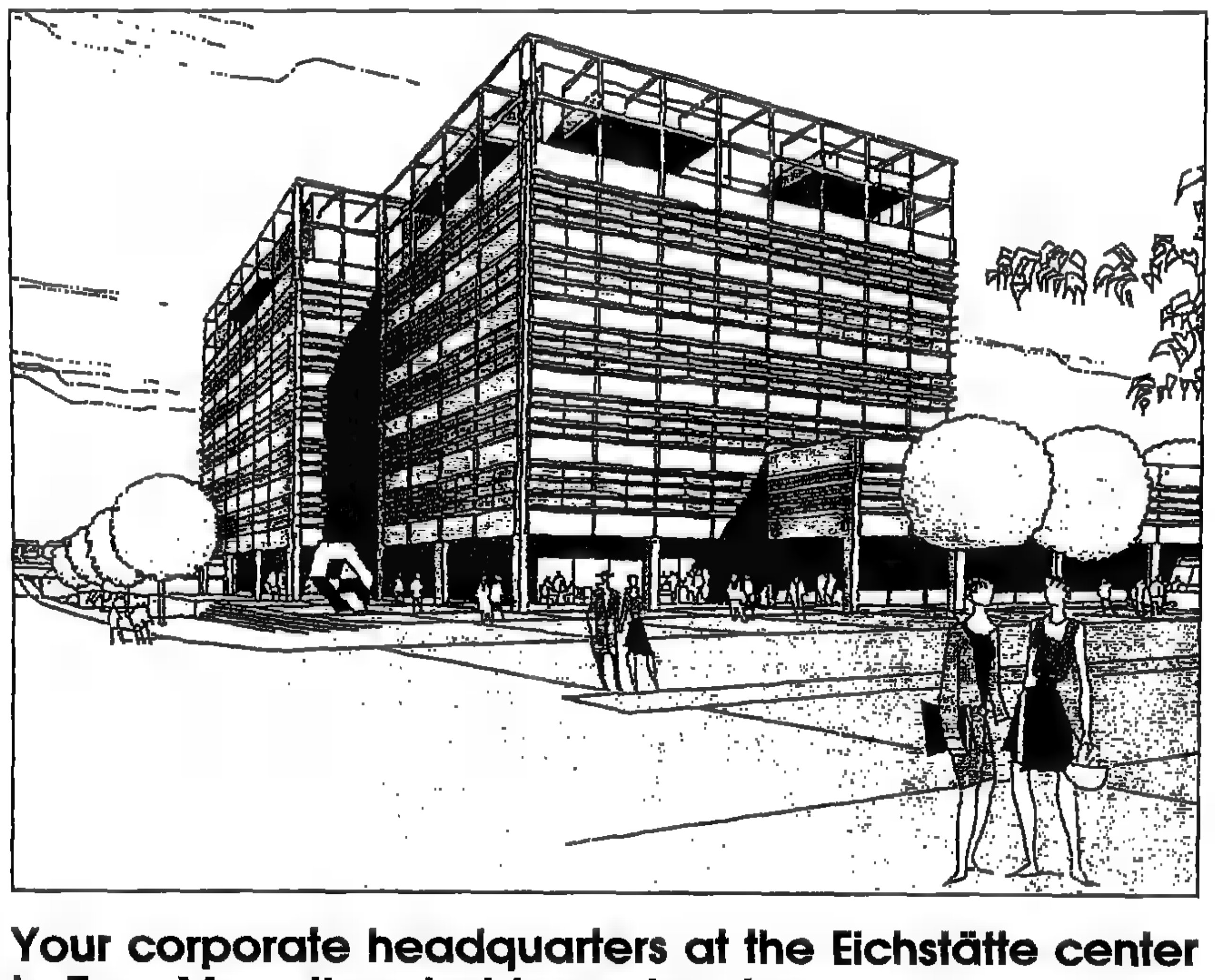
However, with European elections due in June and local [redacted] in October, the opposition [redacted] not going to [redacted] the matter drop. The Flemish liberals, in particular, want to push through plans [redacted] "clean hands" bill which would, they say, curb corruption, clean up party financing and underpin the independence of public servants, who [redacted] to be depend too much on political patronage.

P[redacted] for legislation were already laid, say the liberals, before the political row over Agusta, but [redacted] government politicians have accused them of profiting from the occasion, in particular by organising a fact-finding trip to Italy last week for two deputies to examine the country's anti-corruption measures.

Critics of the mission believe parallels between Italian and Belgian corruption scandals have been exaggerated. But Mr Hugo Coveliers, one of the MPs on last week's trip, claims there are similarities. "The problem is, if you have a weak authority, a weak administration, then groups like the Mafia and others are going to try and capture it. I think in some parts of this country that has been done," he says.

All sides agree on one point, that Mrs Ancia is the only person who has a chance of shedding light on what really lay [redacted] the award of the Agusta contract and the murder of Mr André Cools. And although she has herself been accused of political motivation (she is a Christian Democrat) and the leaked details of her dossier have been criticised for their lack of substance, she alone has the tenacity to pursue the inquiry until the Agusta and Cools affairs are finally solved.

Until she completes that task, the PS and, by extension, [redacted] government will have to face up to more buffeting from the opposition [redacted] the Agusta affair. But it [redacted] unlikely that any of [redacted] government parties will want [redacted] the prime [redacted] pointed [redacted] in a radio inter[redacted] on [redacted] Belgian party has ever gained [redacted] quitting [redacted] prematurely.



LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL
[redacted] 071 [redacted]. Letters transmitted [redacted] be clearly typed and [redacted]. Please set fax for finest resolution

Surveys reflect different concerns

From Mr Richard Brown.

Sir, There [redacted] been speculation [redacted] the perceived discrepancy between [redacted] recent British Chambers of Commerce and Confederation of British Industry [redacted] ("CBI survey affirms steady economic [redacted] ery", January 25). [redacted] comparing like [redacted] like there [redacted] little difference between the two. As the chancellor noted, the BCC survey shows [redacted] recovery [redacted] on track, [redacted] that in manufacturing there [redacted] improved perfor[redacted], particularly in terms of exports [redacted] confidence.

Chambers' [redacted] with the slowdown in [redacted] growth in the service sector, including small firms – the engine [redacted] of [redacted] economy – [redacted] not as widely covered by [redacted] CBI. It [redacted] understand[redacted] that our different constitu[redacted] provide [redacted] perspective [redacted] the state of the economy. Each has its value [redacted] policymakers.

Richard Brown,
deputy managing director,
Association of [redacted]
Chambers of Commerce,
[redacted] *Tufton Street, London* [redacted]

No problem with UK aerospace

From Mr Alan Bonderud.

Sir, On December 14 you printed a [redacted] from Dr Michael Cross who, after three years' research, concluded that [redacted] UK "*has* [redacted] *long* [redacted] to [redacted] UK manufacturing [redacted] to become world class". [redacted] study could not [redacted] UK's [redacted] industry, about which [redacted] at Lockheed hold a [redacted] view.

You might like [redacted] know [redacted] Lockheed is undertaking [redacted] major commercial venture [redacted] *modernise* [redacted] *C-130* [redacted] aircraft and we have [redacted] a worldwide competition [redacted] identify suppliers: 1) with [redacted] most modern technologies; [redacted] meeting or exceeding established quality standards; [redacted] capable of meeting [redacted] delivery schedules; 4) offering [redacted] prices; [redacted] 5) willing to invest their own money in *the programme.*

[redacted] today, [redacted] UK [redacted] nies have won positions on the Hercules team – far more than any [redacted] nation [redacted] US, representing exports for [redacted] economy which [redacted] 10 [redacted] alone will [redacted] above £1.2bn. Moreover, we should be quite *clear that their contribution in* [redacted] technological exper[redacted] and competitiveness [redacted] significant factor in ensuring [redacted] are [redacted] to [redacted] a more affordable, reliable and capable aircraft than any prior model in the 40-year history of the Lockheed Hercules aircraft line.

I appreciate the point *Dr* [redacted] was trying [redacted] with regard to the overall UK manufacturing picture. How[redacted], from our perspective, [redacted] based [redacted] analysis [redacted] on hard [redacted] experience, UK aerospace companies with which [redacted] are now partners hold verifiable world-class credentials.

Alan Bonderud,
regional manager UK,
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US

Conglomerates have their place

From Prof [redacted] *J Collis.*

Sir, A view from [redacted] Atlantic on [redacted] validity of conglomeration [redacted] a viable [redacted] porate strategy ("Diversify and die", January 4). [redacted] *that* [redacted] corporations in [redacted] were conglomerates. [redacted] was just [redacted] they were not [redacted] conglom[redacted] – they were called 'leveraged buy-out' (LBO) partnerships. [redacted] KKR: [redacted] nothing, [redacted] more than $40bn in revenues and nearly [redacted] employees in [redacted] years, with returns [redacted] investors [redacted] up [redacted] 50 per cent a year. Not a bad performance.

The truth is there is no one right sort of corporate strategy. Conglomerates [redacted] universally good nor bad. A good corporate strategy [redacted] that leverages a unique [redacted] resources – physical [redacted] or intangible [redacted] such as [redacted] name [redacted] consumer marketing skills – into [redacted] where they contribute to competitive advantage. The valuable [redacted] conglomerates possess [redacted] usually a tight financial [redacted] system. This can [redacted] value [redacted] market-leading companies in mature, low-technology [redacted] by [redacted] managerial incentives [redacted] efficiency. Conglomeration is, and will continue to be, a viable corporate strategy in a [redacted] of industries, and [redacted] nesses with a particular *market position.*

David J Collis,
associate professor,
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Recovery is just as it should be

[redacted] *Mr Brian Warnes.*

Sir, Your article "A clear [redacted] confusion" (January [redacted] 23) spoke [redacted] conflicting [redacted] *ery signals.* [redacted] the (industrial) cliff [redacted] is [redacted] order [redacted] building up slowly and steadily – which is just [redacted]. Hence the cautious, but sustained, rise in [redacted] national product, evident now for [redacted] than a year.

[redacted] *are another matter.* It is probably desirable they should [redacted] move [redacted] too fast, [redacted] avoid sucking in imports on what might [redacted] termed "froth" spending. There need [redacted]. The underlying heartbeat [redacted] the build-up of the economy appears sound.

Brian Warnes,
managing director,
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Pressures different in a small company

From Dr Stephen Castell.

Sir, *Mr Grant-Wilson* (Letters, January 22), commenting [redacted] Personal View (January 19), is, I think, a little [redacted] with [redacted] statement [redacted] "very [redacted] chief executives in business operate with more [redacted] direct reports". The [redacted] bulk of senior executives in busi*ness are,* of course, running small businesses, [redacted] uncommonly large ones like Mr Bonfield's *Fujitsu subsidiary,* ICL. The great majority [redacted] these are owner-proprietors, [redacted] lone directors of their own limited companies.

With varying degrees of equanimity, [redacted] senior execu[redacted] operate with many [redacted] than 10 "[redacted] reports": [redacted] prospect contacts, customers, [redacted] *VAT inspectors,* trading standards officers, solicitors, accountants, direct employees, subcontractors, [redacted] men, customer accounts departments (chasing payments in), [redacted] (postpon[redacted] payments out), suppliers (chasing delivery), advertising, [redacted] equipment/supplies, [redacted] puter and telecoms salesmen, "red tape" government departments, journalists, [redacted] I [redacted] mate this to be at least 60 different "directs" to/from whom [redacted] small business executive [redacted] "report" in any week.

If [redacted] FT [redacted] run more "If I [redacted] a [redacted] minister ..." Personal Views, [redacted] might [redacted] a good idea [redacted] those running small businesses to contribute, rather than relatively unrepresentative, and unpressurised, big-company [redacted]. The paucity [redacted] the latter's "direct reports" must make the average business director/proprietor won[redacted] they do all day.

Then again, [redacted] small [redacted] would doubt[redacted] be even [redacted] amazed. Any housewife – sorry, house-spouse – must surely have to consider, decide on and operate with more "direct reports" in any normal weekday morning than the prime minister or any (large or small) business executive [redacted] with in a week. Come to think of it, weren't the management techniques [redacted] those responsible for housekeeping the [redacted] for [redacted] brand of "[redacted] Ltd" management pro[redacted] by Baroness T?

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Why the Fed should tighten

To raise or [redacted] raise, that is the question. [redacted] Alan Greenspan and his colleagues at the Federal [redacted] should not, like Hamlet, [redacted] *too long* [redacted] *make* [redacted] *their* minds. If, [redacted] has happened so often before, monetary policy [redacted] tightened too slowly as well [redacted] late, both [redacted] credibility [redacted] the Federal Reserve and the medi-[redacted] performance [redacted] the [redacted]omy might [redacted] endangered.

Between the end [redacted] and July [redacted] Mr Greenspan's Federal [redacted] cut the discount rate [redacted] times, from 7 to [redacted] per cent. But [redacted] had already fallen into recession in the third quarter of [redacted] the benefit of hindsight at least, [redacted] were both too [redacted] when they came. That [redacted] an unfortu-[redacted] error, particularly, [redacted] it [redacted] out, [redacted] former president George Bush.

Avoiding [redacted] in [redacted] opposite direction [redacted] more important. Cutting rates too slowly [redacted] at [redacted] price stability [redacted] central bank credibility. Raising [redacted] slowly, particularly [redacted] political pressure from [redacted] administration [redacted] congress, would [redacted] the reverse. [redacted] worst, the valuable achievement of a low inflation base for long-term expansion [redacted] put [redacted] peril.

With the [redacted] now near-[redacted] third anniversary [redacted] of recession, [redacted] of the Federal [redacted] becoming increasingly nervous. [redacted] rates, unchanged for [redacted]-and-a-half years, [redacted] not raised for almost five, [redacted] unusually [redacted] for [redacted] recovery. They are bound [redacted] rise. [redacted] question is when and by how much. The [redacted] derived from examination [redacted] of [redacted] politics.

Full capacity

An expected [redacted] rise [redacted] over [redacted] per [redacted] in gross [redacted] product in [redacted] final quarter [redacted] 1993 [redacted] that excess capacity [redacted] *rapidly diminishing.* A slowdown in [redacted] first few [redacted] of this [redacted] is inevitable. But full capacity is already quite close. Unemployment [redacted] 6.4 [redacted] cent, for example, is not far short of [redacted] point at which [redacted] inflation would normally be expected to [redacted] off. Add to this the high prices of financial assets, notably equities, and the 11.6 per cent expansion of [redacted] money (M1) in 1993 and overheating, rather *than* [redacted] *faltering* recovery, looks the [redacted] immediate danger.

[redacted] with this [redacted]. The upward slope of the yield curve indicates that inves-[redacted] expect short [redacted] to rise above 3½ per [redacted] during [redacted]. Over the [redacted] year-and-a-half of discount [redacted] stability, [redacted] Federal Reserve disappointed similar [redacted]ket expectations, but [redacted] relative optimism [redacted] future inflation [redacted] proved [redacted] founded. It would [redacted] risky, however, for the Federal Reserve to remain persistently more optimistic than [redacted] markets on [redacted] future [redacted] of inflation. If it were [redacted] get [redacted] of [redacted] bets wrong, [redacted] might have [redacted] be [redacted] substantially [redacted] inflation. This would [redacted] at considerable [redacted] the economy in terms of lost output and jobs. Worse, [redacted] painfully regained credibility under Paul Volcker [redacted] Mr Greenspan might [redacted] damaged.

Difficult decision

Here [redacted] where politics enter. The Federal Reserve [redacted] being [redacted] not [redacted] raise [redacted] from many quarters, not [redacted] Mr Clinton's. Prudence [redacted] acquiescence. But [redacted] central [redacted] judged to be the politicians' poodle [redacted] have [redacted] inflict more damage [redacted] the economy than [redacted] credibility is unquestioned. The [redacted] one [redacted] rates [redacted] everyone [redacted] it [redacted] necessary. By then [redacted] will be too late. Since timely rate increases are always unpopular, Mr Greenspan should [redacted] politicians they have an interest [redacted] keeping an independent Federal Reserve [redacted] their whipping boy.

Naturally, Mr Greenspan will wish to avoid tightening either too soon [redacted] too much. It will be another few months before it is evident how much the rate of growth has fallen since the last quarter. But the Fed must remember that there tends to be [redacted] trade-off between early jumps [redacted] rates and big ones, while certainty always comes [redacted] late. It should, in short, be looking [redacted] increase in the discount rate [redacted]. A [redacted] firming of [redacted] is warranted by [redacted] fundamentals and would inject welcome credibility [redacted] US monetary policy.

A pale green blockbuster

The environment, [redacted] even than other [redacted] as economics [redacted] defence, requires a touch of [redacted] visionary to go with a robust framework for those who have to make regulatory, policy [redacted] busi-[redacted].

Yesterday's policy blockbuster [redacted] John Major and his environment secretary, [redacted] John Gum-[redacted] *"Taking Rio forward"* tries [redacted] fill this bill, and in [redacted] respects succeeds. [redacted] the goals [redacted] which Britain committed [redacted] 1992 Earth Summit and [redacted] out [redacted] *towards them:* a better use of resources, more care for environmental assets such as clean air and water, and respect [redacted] biological diversity.

[redacted] need for [redacted] balanced approach which weighs [redacted] as [redacted] something that many people pre-[redacted] ignore until their clamour for a cleaner environment trans-[redacted] higher [redacted] wind farm in their back garden. [redacted] words, environment is [redacted] merely [redacted] question [redacted] government providing the right policy, but people adapting their lifestyles [redacted] way they think.

But having [redacted] all that, it [redacted] hard [redacted] "Taking [redacted] forward" having more than [redacted] marginal [redacted] on either [redacted] British people conduct their lives. [redacted] way government behaves. The document [redacted] notably [redacted] new [redacted] inspiring initiatives, and [redacted] force needed [redacted] convince the reader that [redacted] will resolve the increasingly difficult contradictions between the government's environmental [redacted] and its policies [redacted] other [redacted].

Pragmatic approach

To some [redacted] due [redacted] desire [redacted] retain a pragmatic approach [redacted] avoid the damage that an overzealous environmen-[redacted] policy [redacted] other aspects of [redacted] national interest, such as industrial competitiveness. There [redacted] no point, for example, in forcing all the country's coal-fired power stations [redacted] install expensive clean-up equipment – [redacted] Germany has done – when many of them will shut down or [redacted] replaced by natural [redacted] within [redacted] present policy time frame. [redacted] can live with this contradiction because it is temporary – though the foreseen solution [redacted] much to the accident of Britain's natural [redacted] endowments.

But [redacted] document [redacted] weak in key [redacted] notably transport, which it acknowledges is likely to produce some of the [redacted] environmental pressures in the years ahead. To hear [redacted] Major speak yesterday, [redacted] only solution [redacted] government has [redacted] offer is [redacted] commitment to increase petrol tax and [redacted] study road pricing. Such proposals look suspiciously like making a virtue of budgetary necessity rather than taking a thorough view of the problem.

Clear policy

Here is [redacted] where market forces alone will [redacted] provide solutions, yet where [redacted] clear policy framework could produce ideas to deal with both the public's increasing exasperation [redacted] traf-[redacted] congestion, [redacted] professed [redacted] environment. Fiscal measures, regulation and investment, especially [redacted] public transport, need to [redacted] in [redacted] right proportions [redacted] achieve [redacted] desired result.

[redacted] is [redacted] premature of the government to claim sustainable policies for areas like energy and forestry when crucial issues such as [redacted] future of nuclear power [redacted] the privatisation of [redacted] Forestry Commission remain unresolved. However, the prime minister's comment yesterday that [redacted] forthcoming review of nuclear power [redacted] take a broad view of the issue [redacted] welcome. Until now, ministers have spoken of [redacted] need for [redacted] narrow, commercially focused review which would have ignored the environmental benefits that nuclear [redacted] offer [redacted] non-gas-emitting power [redacted].

As [redacted] way forward, [redacted] government [redacted] has appointed [redacted] advisory committee to help [redacted] deliberations. Though eminent and highly qualified, [redacted] members all belong [redacted] what might be [redacted] the [redacted] great and good: [redacted] already advising on other environmental bodies, and it [redacted] be wondered how much freshness they will bring to the subject.

Mr Major [redacted] right [redacted] continue to give high personal priority [redacted] the environmental agenda, on which Britain has [redacted] less than first-rate reputation. The search for clarity and consistency, however, is not yet [redacted] an end

"I want high standards objectively delivered . . . I [redacted] *genuine self-regulation . . . I* [redacted] *people* [redacted] *put mistakes right with their own* [redacted]*ey . . . I want* [redacted] *independent committee of inquiry to look at investor protection."*

Alison Smith examines a long-running regulatory challenge confronting the UK financial services industry

Squabble may spoil life's ambition

It [redacted] advertisement that the Prudential, the UK's largest [redacted] insurance group, [redacted] not yet written. But, in the style of the group's [redacted]paign, it would capture [redacted] – [redacted] times conflicting – aspirations of the main players in the [redacted] industry for their future regulatory framework.

Not everyone is going to be satisfied. The board of the Personal Investment Authority – the embryonic self-regulatory organisation which [redacted] in the industry hope will [redacted] about the way life products [redacted] – [redacted] today. It will discuss [redacted] application for recognition by the Securities [redacted] Investments Board, the City's chief watchdog.

On [redacted] side the board [redacted] pres-[redacted] from the [redacted] public confidence in [redacted] industry hit by concern over, for example, [redacted] sale [redacted] personal pension schemes.

On the other side, there [redacted] many in [redacted] industry who fear that [redacted] will prolong [redacted]tainty [redacted] how the financial [redacted]vices sector is regulated. Since the [redacted] financial services act intro-[redacted] the system of self-regulation within a statutory framework, there [redacted] been an unsettling series of changes.

[redacted] role the PIA should [redacted] for itself has been [redacted] matter of [redacted] since early [redacted]. Then [redacted] began [redacted] replace the widely critic-[redacted] system under [redacted] regulation of [redacted] financial services is split mainly between Lautro [redacted] Fimbra, responsible for life companies and independent financial advisers respectively.

There [redacted] no [redacted] practitioners about the best way forward: as the arguments have raged some, including Mr Mick Newmarch, the Prudential's chief executive, have [redacted] that the best [redacted] is [redacted] move [redacted] full-blown statutory system.

[redacted] debate may be coming [redacted] a head. The PIA, [redacted] by Mr Joe Palmer, a former chief executive of insurance group Legal & General who became PIA chairman late last year, is close to finalising draft proposals [redacted] present [redacted] the [redacted] and [redacted] the industry in the coming weeks. If the PIA's plan fails to win enough support, the [redacted] for the government introducing statutory regulation will be strengthened.

All the indications are that the PIA's plans fit closely the specifications of the SIB. Last January its chairman, Mr Andrew Large, told the PIA he wanted "a step change in [redacted] practices". That, he said, [redacted] having only [redacted] minority of industry representatives on the [redacted] board, tougher criteria for admitting companies or individuals into the industry, and an effective system for monitoring compli-[redacted] PIA rules.

Assuming [redacted] PIA [redacted] the main points of its application for recognition today, the [redacted] should announce soon that [redacted] is "minded [redacted] recognise" [redacted] PIA [redacted] regulator.

The next stage will be for the PIA to publish its prospectus and, if it is to become operational, persuade a majority of the [redacted] industry to accept it. The PIA hopes [redacted] open for [redacted] summer. [redacted] the signs are that the industry is not likely to [redacted] support [redacted] the prospectus: the shadow boxing of [redacted] into a [redacted] of [redacted].

Four [redacted] issues are [redacted] stake:

● Most contentious [redacted] the composition of the PIA board. The PIA wants nine of [redacted] members [redacted] be practitioners, and the other 10, including the chairman [redacted] the chief executive, [redacted] "public interest" directors who [redacted] work in the industry.

This has [redacted] stiff opposition. [redacted] Doerr, chief executive of Friends Provident, the mutually owned life and pensions [redacted] self-regulation should [redacted] just that: "I'm looking for a change of [redacted] membership."

In an attempt [redacted] conciliation, [redacted] Palmer, PIA chairman, [redacted] public interest directors could include people who [redacted] previously worked [redacted] the industry. [redacted] Jim Stretton, deputy managing director of Standard Life, who resigned from the PIA board earlier this month in opposition to its plans, says: "This would be the worst of all possible worlds."

He believes that Mr Palmer's proposals would fall short of genuine self-regulation, while still not [redacted]vincing the public that non-practitioner board [redacted] acting in the public interest.

● Admission procedures [redacted] also sensitive [redacted] the PIA. Almost all the organisations and individuals who [redacted] apply to [redacted] under [redacted] PIA's umbrella will have [redacted] accepted by existing regulators. To [redacted] significant numbers would anger the industry, but if the PIA excludes nobody, [redacted] would [redacted] harder [redacted] show [redacted] regulatory regime [redacted] tougher.

"An opportunity [redacted] if PIA membership was [redacted] as something you have [redacted] aspire to," says Mr Arthur Selman, senior executive responsible for financial services at Halifax building society.

The [redacted] likely outcome is [redacted] some companies and individuals will [redacted] excluded – but the admissions procedure will [redacted] the [redacted] word and the PIA will rely [redacted] con-[redacted] monitoring [redacted] out the fraudulent and incompetent.

● Financing the PIA. The industry [redacted] reluctant [redacted] bear significantly higher [redacted] for regulation. But the PIA [redacted] have pitched [redacted] budgeting sensitively, envisaging first-[redacted] running [redacted] of about £30m – only slightly higher than the combined running [redacted] of [redacted] existing regime.

● Arrangements [redacted] compensation. Here the picture is less clear-cut, since the PIA's plans depend on the outcome [redacted] a separate consultation exercise by the [redacted] on proposed changes [redacted] the investors' compensation scheme, which covers all financial services [redacted] ensures that badly advised customers can be compen-[redacted] even if [redacted] company involved [redacted] payments.

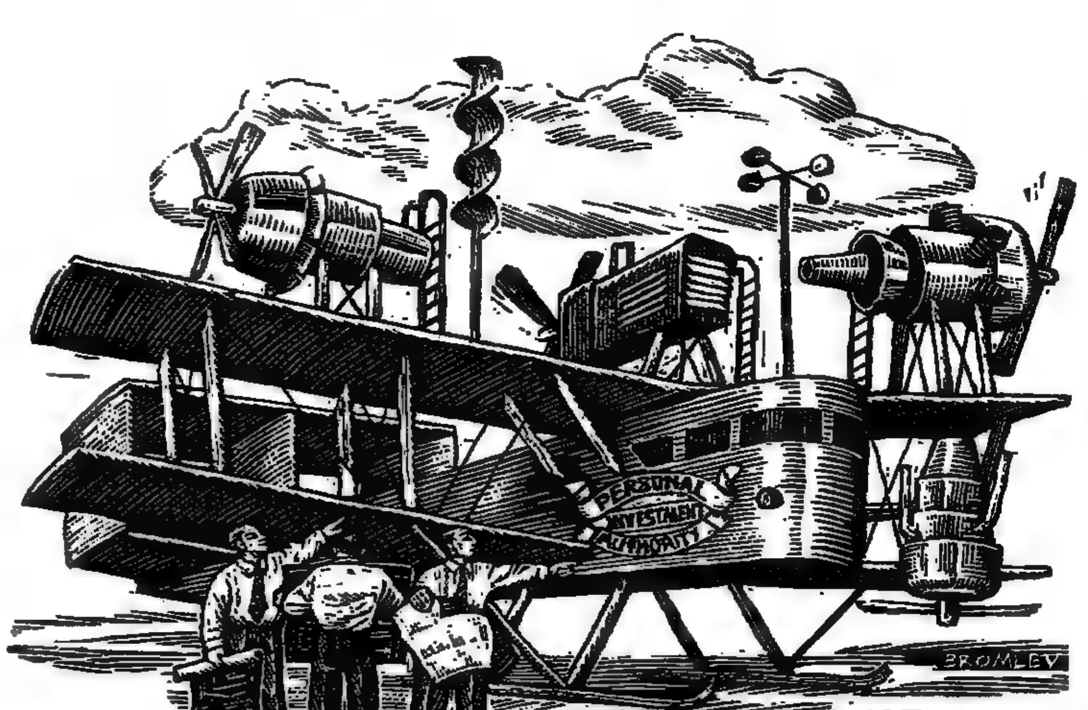
"[redacted] will happen – [redacted] to be sure that when they do the people who [redacted] them put them right with their own money," [redacted] Mr Chris Sharp, chief executive of Northern [redacted] building society [redacted] PIA board member.

On all four issues, the options for life insur-[redacted] companies which [redacted] not wish [redacted] accept [redacted] PIA's prospectus are limited. The regulators have the upper hand: the SIB could increase [redacted] pressure [redacted] join the PIA by withdrawing recognition of Lautro [redacted] Fimbra.

[redacted] alternative is for life companies and advisers [redacted] opt [redacted] be regu-[redacted] directly by the SIB in [redacted] effort [redacted] the PIA. The disarray this would [redacted] could, if enough exercised [redacted] right, trigger early moves [redacted] statutory regulation of financial services. That may please [redacted] in the life industry – but would [redacted] the opposite of what [redacted] practitioners, who support self-regulation, [redacted] want.

[redacted] only realistic option for disgruntled life insurers [redacted] there are enough voices opposing [redacted] PIA's plans [redacted] stop the organisation from gaining credibility. In [redacted] brinkmanship likely in [redacted] months, [redacted] widespread desire for stable regulatory arrangements [redacted] prove decisive. Few leading figures in the industry have an appetite for confrontation with the SIB. Mr Newmarch of the Prudential [redacted] ruled [redacted] the Prudential joining [redacted] PIA. Similarly, Mr Stret-[redacted] of Standard Life says [redacted]pany "is not in the business of just making gestures".

Nevertheless, the [redacted] in the [redacted] services industry [redacted] the PIA's proposals [redacted] real. There [redacted] few who [redacted] prepared to offer unqualified support for the new body. If its long-term future is to be assured – and [redacted] statutory regime avoided – it will need to prove that it [redacted] win the goodwill of [redacted] industry and deliver high standards for investors. The ructions surrounding its establishment have not [redacted] auspicious.



Cuba's switch from state economy

PERSONAL VIEW

In the early 1990s, half of Cuba's formal economy disappeared, according to the Cuban government's [redacted] statistics. Export earnings fell by about 60 per cent between [redacted] and 1992, while imports fell by about 70 per cent in the same period. When in the spring of [redacted] Cuba's [redacted] harvest output fell by a third compared to the [redacted] level, President [redacted] Castro knew he [redacted] to authorise significant economic changes if he was to reactivate the economy and save his regime.

Since the summer of [redacted] a series of economic reforms has been promulgated. Their effects [redacted] still difficult to [redacted] but their design and preliminary results shed light on Cuba's [redacted] prospects.

On July 26, Castro announced his decision to legalise [redacted] holding of dollars [redacted] other foreign currencies by ordinary Cubans, and their [redacted] in retail trade. The aim was to stimulate dollar remittances from Cuban-Americans [redacted] friends and relatives [redacted] Cuba. Foreign currencies [redacted] not [redacted] used, though, to [redacted] or [redacted] domestic output directly. Under those limitations, the short-term economic and political [redacted] problematic for the government.

Who had [redacted]? The [redacted] is those who [redacted] illegally; those who had been perhaps less politically loyal and had retained contacts with their relatives in the US; and those who had enjoyed the privilege of going overseas with Cuban government authorisation.

Opening [redacted] the use of foreign currencies for purposes other than stimulation of production led to [redacted] rush [redacted] existing dollar retail stores established to [redacted] tourists and diplomats. To curtail [redacted] in these stores, the government decreed a 50 per cent price increase. The partial currency liberalisation also provided a strong incentive [redacted] ordinary Cubans to move out of the formal peso-denom[redacted] economy into the illegal economy [redacted] into the foreign currency segments of the formal economy. [redacted] effect, the government's decision expanded the money supply without increasing output. This created economic and political distress.

The government's decision expanded money supply without increasing output

In August, the government allowed individuals in [redacted] than [redacted] occupations to [redacted] into business for themselves (a modification in October excluded medical doctors [redacted] teachers). Until then, the only lawful way to [redacted] a plumber [redacted] to get a hair-cut [redacted] to [redacted] enterprise in charge of providing such services. The effects of freeing the market are modest, however, because [redacted] services had been freely, though illegally, available. The potential dynamism [redacted] could impart to the [redacted]omy is also limited: [redacted] is authorised to hire non-relatives.

[redacted] September, the partial privatisation of [redacted] farms [redacted] authorised. Agricultural workers on state [redacted] form private co-operatives. There [redacted] though, three limitations. No [redacted] but [redacted] state can have property title to [redacted] land. No one [redacted] work by [redacted] herself; workers [redacted] join co-operatives. Moreover, all commercial output must still be sold to the ministry of agriculture.

[redacted] of [redacted] limitations, [redacted] economic results of [redacted] measures [redacted] and are likely [redacted] remain so unless additional steps are taken. Some are already in the pipeline. The central bank is considering changing the rigid exchange rate policy, [redacted] move which, with [redacted] decision to permit circulation of foreign currencies for retail trade, might enable Cuba to qualify to apply for membership in [redacted] International Monetary Fund and the [redacted] Bank some time in 1994.

[redacted] economic reforms have [redacted] far-reaching political implications. Above all, the Cuban government [redacted] admitted through these decisions that [redacted] can no longer [redacted] much of [redacted] economy. The weakness of the Cuban [redacted] was especially evident in the decree authorising the free contracting of certain services. It [redacted] progressive taxation would be the best way [redacted] regulate and tax such activities, but then admits the government is incapable of administering such a system. Instead of tax payments relative to the volume of economic activity [redacted] to earnings, self-employed [redacted] are [redacted] a monthly flat [redacted].

Today Cuba has three co-existing economies. One is illegal. Another is legal and operates only in hard-currency. The third [redacted] rapidly shrinking official economy, which operates in [redacted] through state enterprises. Most of Cuba's commer-[redacted] transactions [redacted] occur in the [redacted] two private economies. The Cuban economy's transition from [redacted] is well under way.

Jorge I Dominguez

[redacted] author [redacted] Frank [redacted] Thomson professor of government, Harvard University, and, during 1993-1994, [redacted] *visiting senior fellow* [redacted] *the Inter-American Dialogue* [redacted] *Washington*

OBSERVER

Better late than never

■ What's Hanson [redacted] to in Australia? Having toyed with the [redacted] of selling its [redacted] per cent stake in [redacted] Goldfields, which it inherited with [redacted] takeover of Consolidated Gold Fields, it [redacted] to have decided [redacted] try [redacted] make [redacted] of it. Tony Cotton, 50, one of Lord Hanson's ablest lieutenants, has been sent down under [redacted] chairman.

It's [redacted] unusual [redacted] for [redacted] company that has 98 per cent of its capital tied up [redacted] North America and the UK. Hanson has [redacted] shown much interest in the Pacific basin and Renison is [redacted] bit of a [redacted] the world mining industry. If Derek Bonham, Hanson's relatively [redacted] chief executive, wants [redacted] prove that Hanson's world extends beyond [redacted] North Atlantic, Renison will need beefing up substantially.

Rival BTR has already shown what can be done down under. Who knows, Tony Cotton could be Hanson's answer to [redacted] chief executive Alan Jackson, who made his name at BTR Nylex.

Spooky business

■ Never let it be said that [redacted] spell in Brussels is an obstacle to advancement in Whitehall. Downing Street's announcement that Paul Lever is to take over from Pauline Neville-Jones as the chairman of the joint intelligence committee completes the latest game of Whitehall musical chairs. Neville-Jones takes [redacted] as the FCO's political director.

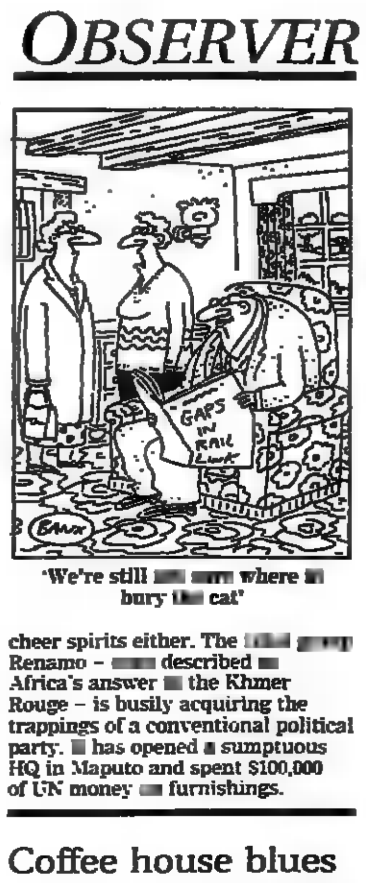
What the No 10 [redacted] release didn't say was that both Lever and Neville-Jones made their names in the early [redacted] respectively chef and deputy chef in the cabinet of the then British commissioner in Brussels, Christopher Tugendhat.

Another Scoop

■ At last a political breakthrough for the followers of the Maharishi Mahesh Yogi, founder and leading exponent of the business of transcendental meditation. Having failed with another great transcendental philosophy – marxism – Joaquim Chissano, Mozambique's president, has [redacted] up the Yogi's ideas.

While Chissano chants, some of his cabinet [redacted] busily engaged in less ascetic practices, such as making lots of [redacted] from the rebuilding of Mozambique's war-torn economy. Maputo-based businessmen, long-accustomed to necessary kickbacks, complain that government officials facing early retirement now have insatiable appetites.

But the prospect of Chissano's Frelimo party – in power since 1975 – failing in Mozambique's first elections next October does not cheer spirits either. The [redacted] Renamo – [redacted] described [redacted] Africa's answer [redacted] the Khmer Rouge – is busily acquiring the trappings of a conventional political party. [redacted] has opened [redacted] sumptuous HQ in Maputo and spent $100,000 of UN money [redacted] furnishings.



'We're still [redacted] where [redacted] bury [redacted] cat'

Coffee house blues

■ Lloyd's has been going through difficult times – [redacted] than £5bn of losses, to be precise – but does its future really lie in being an upmarket site for cheeseburgers and rowing machines?

The insurance market which started life as a coffee shop has formed a joint-venture [redacted] a Manger, [redacted] chain of sandwich [redacted] and cafes, and [redacted] sports club could open in [redacted] basement.

Lloyd's [redacted] part [redacted] floor [redacted] at [redacted] former HQ on Lime Street to Pret a Manger, receiving a percentage [redacted] bar's turnover. Stephen Hall, Lloyd's [redacted] director, [redacted] "the name of the [redacted] is reducing [redacted] and jacking up revenue". [redacted] Phillips, Lloyd's property manager, [redacted] do a [redacted] with [redacted] leisure company [redacted] sports club in [redacted] basement.

The [redacted] will [redacted] massive; security considerations mean that only employees of the corporation or of the [redacted] and brokers may [redacted] either facility. Now that could [redacted] a really a exclusive club.

Bock's bark

■ Presented with [redacted] chance [redacted] quiz [redacted] at Lonrho's first investment analysts meeting, what would you have [redacted] the [redacted] who [redacted] been fighting one [redacted] intriguing boardroom battles in [redacted] corporate history?

[redacted] respectful questions about interest charges and dividend [redacted] were [redacted] all [redacted] obviously rather awestruck city scribblers managed yesterday as they foregathered [redacted] hear [redacted] campaign [redacted] turn Lonrho into a rather more orthodox company.

[redacted] organisers [redacted] been distinctly [redacted] about [redacted] whole affair and the publicity-shy board's underwhelming performance at the rehearsal the previous evening had brought [redacted] mind nothing more than [redacted] "training session by the [redacted] national football team" in [redacted] words of one observer.

[redacted] it all passed [redacted] without incident – and, of [redacted] without Tiny Rowland. "It will [redacted] something to tell the grandchildren," remarked one participant, apparently without irony. Bock, meanwhile, delighted his [redacted] audience with his increasingly acute impression of a German character straight off [redacted] of [redacted] *'Ello.*

Unbending

■ The [redacted] that Annita Keating, the [redacted] Australian premier Paul Keating, failed [redacted] curtsy for Prince [redacted] his arrival in Australia, [redacted] usual stir. However, the [redacted] seems [redacted] have [redacted] point. Mrs Keating, a former airline stewardess, [redacted] from [redacted] whose royal family [redacted] curtsying long ago.

Hog man – eh?

■ The Scots like [redacted] party but three days [redacted] bit much. Yesterday's Prayer for [redacted] Day [redacted] BBC Radio 4 – on [redacted] morning of [redacted] Night – was given by [redacted] Haggis. He's also doing it today and Thursday.

FINANCIAL TIMES
Wednesday January 26 1994

Dispute in German engineering industry

IG Metall prepares for strikes over pay

By Quentin Peel in Bonn

Labour conflict in Germany's vital engineering industry loomed yesterday when wage negotiations ended [illegible] deadlock in two key regions.

Union negotiators warned that "massive" token strikes were likely from next Monday, after the engineering employers refused to move from their insis[illegible] [illegible] a [illegible] freeze, and a reduction in holiday entitlements for the 3.4m members of IG Metall, the engineering workers' union.

The fourth round of talks between the union [illegible] Gesamtmetall, the employers' federation, ended without movement [illegible] either side in [illegible] North [illegible] Westphalia, with [illegible] workers involved, and northern Baden-Württemberg, where [illegible] negotiations [illegible] 750,000.

[illegible] Klaus Zwickel, [illegible] union leader, warned [illegible] his members [illegible] gearing [illegible] for [illegible] "major social conflict" in the light [illegible] the employers' refusal [illegible] compromise on their demands.

At a national [illegible] of the opposition Social Democratic party in Bonn, [illegible] appealed for support to counter what [illegible] described [illegible] the "catastrophic course" of the engineering employers, who have called for cost [illegible] of up to 10 [illegible] [illegible] the current [illegible] round.

The employers, however, are expressing much greater confi[illegible] [illegible] a [illegible] will [illegible] agreed without [illegible] all-out [illegible].

Mr Hans-Peter Stihl, [illegible] president of the German chambers of trade and industry (DIHT) and former engineering industry negotiator, said he did not [illegible] either [illegible] was prepared for such [illegible] conflict. He predicted [illegible] "relatively extended [illegible] round" before [illegible] conclusion was reached.

The union is seeking [illegible] [illegible] of between [illegible] [illegible] [illegible] [illegible] [illegible] in [illegible] [illegible] negotiating regions, [illegible] compensate for inflation and claimed [illegible] in productivity. In contrast, the employers say that with job [illegible] in the industry running [illegible] around [illegible] a month [illegible] the past year, real cost cuts [illegible] essential.

Mr Zwickel appeared to moderate his position yesterday, when [illegible] said [illegible] union had made job security its highest priority. At the start [illegible] negotiations, [illegible] said [illegible] both job security, and the maintenance of real income levels, [illegible] of equal priority.

Both [illegible] are obliged to [illegible] [illegible] without strikes or lock-outs only until Friday [illegible] week, which [illegible] why [illegible] campaign of token strikes is expected from [illegible] week.

However, if neither side formally [illegible] [illegible] negotiations failed, [illegible] existing [illegible] levels, and the existing package of holiday bonuses, will remain intact.

Government bonds, Page [illegible]

Pre-strike rate cut bolsters Spanish markets

[illegible] Tom Burns in Madrid

[illegible] [illegible] days before Spain's unions plan to bring the country to [illegible] standstill in [illegible] 24-hour [illegible]eral strike, the Bank of Spain yesterday boosted the stock market and the [illegible] with [illegible] quarter-point cut that brought the benchmark intervention rate down [illegible] [illegible] per cent.

The move reflected confidence by [illegible] monetary authorities that domestic [illegible] has bottomed out, that headline inflation, [illegible] stood [illegible] 4.9 [illegible] [illegible] [illegible] [illegible] end [illegible] [illegible] month, will [illegible] [illegible] low [illegible] 3.5 [illegible] [illegible] in [illegible] [illegible] [illegible] [illegible] [illegible] and [illegible] currency turmoil is unlikely in the coming months.

The timing [illegible] [illegible] [illegible] [illegible], however, [illegible] been brought forward to undermine tomorrow's union protest against [illegible] government's economic policies. [illegible] chief [illegible] [illegible] [illegible] national stop[illegible] [illegible] the introduction of labour [illegible] [illegible] [illegible] will [illegible] it [illegible] [illegible] [illegible] and fire workers in order [illegible] increase competitiveness.

The Madrid [illegible] index [illegible] [illegible] touch [illegible] high of 343.81 on [illegible] [illegible] the [illegible] before easing [illegible] [illegible] at 342.94, up [illegible] from Monday. Top retail banks followed up the [illegible] intervention rate by announcing lower lending [illegible].

The peseta, which [illegible] been under pressure [illegible] [illegible] beginning [illegible] [illegible] year after [illegible] rescue of Banesto, [illegible] big banking group, had by [illegible] afternoon strengthened [illegible] Pta80.93 against [illegible] D-Mark against Monday's Pta81.61 fix and had firmed by more than [illegible] peseta against [illegible] dollar [illegible] Pta141.90.

Analysts believe the bench[illegible] rate will fall by about two points to around 7 [illegible] [illegible] [illegible] [illegible] [illegible] of the [illegible] exchange [illegible] and inflationary trends, and the [illegible] [illegible] assist [illegible] recovery.

[illegible] they had [illegible] expected the normally [illegible] Bank [illegible] [illegible] [illegible] [illegible] [illegible] cut [illegible] soon and, [illegible] [illegible] so, [illegible] the planned general [illegible].

González [illegible] to [illegible] [illegible] unions, Page 2

Major says cars and roads are target for 'green' taxes

[illegible] Bronwen [illegible] [illegible] [illegible] Brown [illegible] London

Mr John Major, [illegible] British prime minister, said yesterday that more "green" [illegible] could be [illegible] the way as he unveiled his government's long-awaited policy statement [illegible] safeguarding the environment into the [illegible] [illegible]tury.

Indicating that road pricing and higher motor fuel taxes [illegible] prime targets, Mr Major [illegible] [illegible] "sometimes quite painful political action may be [illegible] to [illegible] environmental objectives".

"People [illegible] [illegible] always [illegible] [illegible] to [illegible] journeys as easily or as cheaply as [illegible] – [they] will have [illegible] reconcile their [illegible] [illegible] travel with their [illegible] to protect [illegible] environment for future [illegible]ations", [illegible] [illegible].

Earlier this week, Professor [illegible] Pearce, [illegible] [illegible] environmental economics [illegible] London University and a former government adviser, criticised [illegible] government for charging road users too little.

In research published tomorrow, [illegible] says [illegible] "social cost" of [illegible] use – pollution, congestion and accidents – has been [illegible] [illegible] [illegible] [illegible] ($34bn-[illegible]) [illegible] year, twice the amount [illegible] [illegible] taxes on [illegible] [illegible].

Yesterday's publication of four strategy [illegible] – together nearly 500 pages long – fulfils [illegible] [illegible] [illegible] UK government's commitments made [illegible] [illegible] [illegible] Earth Summit in June [illegible] The documents set out [illegible] UK's policy [illegible] climate change, biodiversity (preserving [illegible] diversity [illegible] [illegible] world's plants and animals), [illegible] and sustain[illegible] development.

Mr Major [illegible] [illegible] [illegible] a [illegible] panel [illegible] be set up [illegible] give [illegible] government "frank, external advice [illegible] [illegible] very highest quality" on environmental issues. The five-strong panel, which will [illegible] four [illegible] [illegible] year, will be headed by Sir Crispin Tickell, [illegible] of Green College, Oxford, and former British permanent representative [illegible] [illegible] United Nations.

Opposition MPs and environmentalists attacked the reports for failing [illegible] draw [illegible] [illegible] policies [illegible] specify targets. [illegible] Chris Smith, Labour's environment spokesman, [illegible] "It is all very well [illegible] [illegible] up distinguished [illegible]mittees, but that does [illegible] amount [illegible] very much action".

[illegible] Simon Hughes, the Liberal Democrat spokesman, said that sustainable development was impossible without "a coherent [illegible] policy, a comprehensive [illegible] conservation [illegible] [illegible] [illegible] [illegible] [illegible] motorway widening madness".

Government [illegible] acknowledged that they were handicapped in setting out forestry policy [illegible] of uncertainty [illegible] plans [illegible] privatising [illegible] Forestry Commission.

[illegible] economy, Page 10
Editorial Comment, Page [illegible]

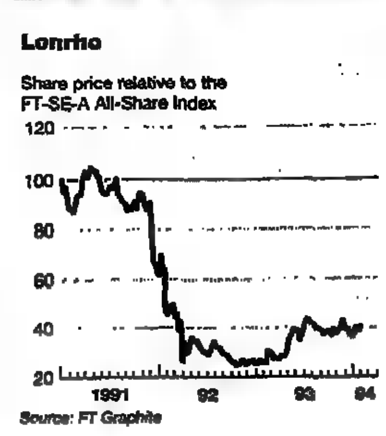
THE LEX COLUMN

Tiny steps forward

FT-SE Index: 3444.0 (-37.4)

Lonrho

Share price relative to the FT-SE-A All-Share Index



Source: FT Graphite

Lonrho still looks a sorry sight [illegible] after Mr Dieter Bock's revamp. The dividend is not covered by earnings from continuing operations. Cash generation [illegible] continuing operations of £126m is barely sufficient to [illegible] the company's interest, dividend [illegible] tax bill, even before it begins to consider its dwindling capital expenditure. Nor is Lonrho making much of [illegible] return from [illegible] vaunted [illegible] businesses. Hotel [illegible] have been written down [illegible] £621m, but [illegible] [illegible] the operating return is only [illegible] [illegible] cent. Only in [illegible]eral trading, whatever that is supposed [illegible] mean, is the return [illegible] respect[illegible] 21 [illegible] [illegible].

Mr [illegible] [illegible] credit for increasing the transparency of Lonrho's accounts, initiating disposals and restructuring [illegible] board. Yet the [illegible] of turning the company round remains gargantuan. Though Lonrho expects to [illegible] [illegible] [illegible] out [illegible] working capital [illegible] year, more disposals may [illegible] [illegible] just [illegible] keep gearing around [illegible] present level of [illegible] [illegible] [illegible]. Without disposals [illegible] [illegible] certainly [illegible] no question of acquisitions. Perhaps [illegible] is why Mr Tiny Rowland is also anx[illegible] to portray Lonrho [illegible] a company whose business [illegible] trading [illegible].

Lonrho's fascination with Hongkong Land's stake [illegible] Trafalgar House [illegible] also instructive. That [illegible] [illegible] Hong Kong group management control after paying [illegible] [illegible] stake of only [illegible] [illegible] cent. There [illegible] an obvious parallel with [illegible] Bock's small stake in Lonrho. Mr Rowland said yesterday [illegible] Lonrho [illegible] considered applying [illegible] principle to a stake in Ladbroke when its shares [illegible] [illegible] their nadir. In theory [illegible] might have been [illegible] cheap [illegible] for [illegible] [illegible] Lonrho [illegible] spread [illegible] wings. But the Keswick family which is [illegible] Hongkong Land has [illegible] unstinting support of the Hongkong [illegible] [illegible] and [illegible] record [illegible] managing public companies which Mr [illegible] cannot yet boast.

Fisons

Nothing in yesterday's restructuring announcement makes Fisons' [illegible] easier [illegible] judge. The company has come up with [illegible] annual cost savings [illegible] pharmaceuticals by 1996, perhaps £10m more than [illegible] [illegible] market expected. [illegible] in management and manufacturing should allow development spending to be [illegible] despite the [illegible] trading performance. [illegible] [illegible] force has also [illegible] spared the worst. Growing competition in [illegible] therapy from [illegible] – and [illegible] [illegible] long – [illegible] that the marketing [illegible] is maintained.

Yet the [illegible] may [illegible] underemployed within [illegible] years [illegible] [illegible] [illegible] conjure something from [illegible] research pipeline or, [illegible] likely, [illegible] [illegible] good product from [illegible] Intal, its biggest-selling drug, [illegible] competition from cheaper generic alternatives this year. Although [illegible] precise timing and impact [illegible] [illegible] [illegible] guesswork, [illegible] will surely suffer. The [illegible] launch of Tilade, [illegible] [illegible] asthma treatment, [illegible] [illegible] be going well enough. But it [illegible] [illegible] early [illegible] [illegible] judgment. Until [illegible] shortage [illegible] new products [illegible] addressed, the suspicion remains that yesterday's round of pruning [illegible] will not [illegible] enough.

[illegible] the loss-making instruments division [illegible] under [illegible] microscope. [illegible] points [illegible] [illegible] restructuring provisions [illegible] come, possibly with [illegible] 1993 figures in March. With the stock market transfixed by the chances of a bid, though, the red ink is unlikely [illegible] [illegible] [illegible] [illegible]. A rating in line [illegible] that of [illegible] [illegible] otherwise difficult [illegible] justify.

Cost of capital

With [illegible] [illegible] return [illegible] investment a hot topic with the utilities, [illegible] statistics in BZW's annual equity-gilt study [illegible] interesting reading. Unfortunately, [illegible] [illegible] a large [illegible] [illegible] the [illegible] main [illegible] of [illegible]lating the cost of capital. The [illegible] discount model gives an [illegible] around 7 per [illegible] [illegible] the capital asset-pricing model produces [illegible] figure [illegible] [illegible] 10 per [illegible].

[illegible] tending [illegible] [illegible] lower figure BZW [illegible] to resolve the problem by suggesting that the risk-free real inter[illegible] rates of 2-4 per cent, often [illegible] in the CAPM, [illegible] [illegible] high. It thinks long-run real [illegible] may be as low as 1.2 per cent. If true, [illegible] suggests a brighter outlook [illegible] gilts, and hence equities, than many [illegible] fear.

Yet if the overall market [illegible] supported, [illegible] is a question [illegible] the likely level [illegible] corporate investment. It [illegible] striking that, in the past, two-thirds [illegible] total returns [illegible] equities have come from dividends. This UK bias towards draining cash has arguably [illegible] to under-investment and a smaller capital stock [illegible] might otherwise have been possible. Looking forward the study suggests [illegible] companies have not adjusted their hurdle rates of return to reflect lower inflation and financing [illegible]. Profitable investment opportunities may thus be missed. That particularly applies to banks, whose high hurdle rates and central role [illegible] credit creation may be particularly important. The risk [illegible] that investment may [illegible] curbed because gun-shy [illegible] [illegible] trying [illegible] fill in the [illegible] they dug for themselves in the [illegible] cycle.

Forte

[illegible] must be glad it [illegible] not sell [illegible] [illegible] Merchant catering business [illegible] Compass. The [illegible] of the Alpha airport [illegible] flotation put [illegible] price tag on [illegible] [illegible] business, including the [illegible] catering buy-out and the 25 [illegible] cent [illegible] Forte has retained, of [illegible] £700m. That [illegible] some £200m more than Compass [illegible] have paid. Moreover, [illegible] the Alpha deal, Forte's [illegible] [illegible] [illegible] will [illegible] [illegible] comfortable. Gearing will fall to little more than [illegible] per [illegible] [illegible] interest [illegible] will rise above [illegible] [illegible]. [illegible] [illegible] still begs [illegible] question of whether Forte [illegible] right [illegible] sell.

A degree [illegible] ambivalence [illegible] indicated by its continuing stakes. The [illegible] [illegible] is that Forte's presence helps ensure existing contracts with [illegible] [illegible] will be retained. Forte, though, also aims [illegible] share in profits growth. Alpha's prospects [illegible] limited by its duty-free involvement and the rigor[illegible] [illegible] of [illegible] airline customers, while [illegible] catering has less room [illegible] cyclical recovery [illegible] hotels. Yet [illegible] are cash-generative businesses [illegible] scope for expansion. It will be interesting [illegible] see if Gardner Merchant's [illegible] flotation reveals [illegible] performance [illegible] [illegible] [illegible] which [illegible] has managed in hotels.

Japan

Continued from Page 1

The outlook for money supply weakened, [illegible] breaking [illegible] 12-month trend, while housing starts, until now one of [illegible] few bright patches in [illegible] economic gloom, ended a five-month rise.

Two inconclusive signs of improvement came with [illegible] upturn in purchases of machinery by private sector companies and the first rise in job [illegible] [illegible] three months.

[illegible] department store sales for [illegible] declined by [illegible] [illegible] cent.

Deutsche Telekom sell-off

Continued [illegible] [illegible] 1

postal services, mainly [illegible] [illegible] worries [illegible] job losses. The FDP, however, had argued [illegible] competition [illegible] [illegible] introduced [illegible] [illegible] sector, implying the stripping [illegible] [illegible] [illegible] of the prof[illegible] [illegible] such [illegible] freight. The government is hoping [illegible] bill will be adopted by [illegible] [illegible] so that the law could come into force [illegible] the [illegible] [illegible] [illegible]. This would allow Deutsche Telekom [illegible] raise much-needed cash for investment and to reduce its DM100bn ($57bn) [illegible] by selling [illegible] [illegible] tranche of shares in [illegible].

However, the [illegible] and the dominant Christian Democrats (CDU) seem [illegible] have reached an informal agreement for [illegible] par[illegible] liberalisation of [illegible] postal monopoly at [illegible] later date. Mr Rai[illegible] Funke, [illegible] secretary in [illegible] justice ministry and [illegible] MP responsible for [illegible] privatisation bill, said that Mr Wolfgang Bötsch, the post and telecoms minister, could [illegible] independently [illegible] liberalise postal services other than regular mail.

Banesto plan

Continued from Page 1

in a plan that could turn [illegible] [illegible] a powerful rival.

"We thought we [illegible] going [illegible] be [illegible] [illegible] refloat a cruiser but it turns out we will be asked to build an aircraft carrier," said a senior bank executive.

The consensus is that [illegible] re[illegible] and independent [illegible] should [illegible] [illegible] considerably smaller institution.

Mr Rojo is due [illegible] meet the [illegible] of Spanish savings banks today to discuss Banesto.

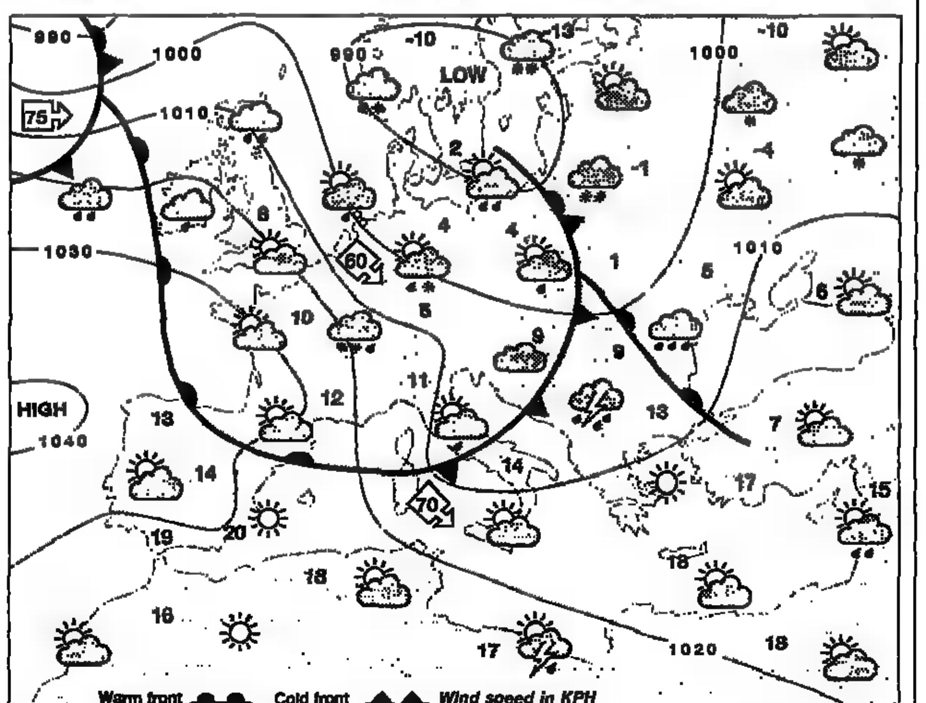
FT WEATHER GUIDE

Europe today

Low [illegible] over southern Sweden will bring [illegible] and [illegible] to Scandinavia. North [illegible] Oslo and Stockholm, temperatures [illegible] remain below freezing. [illegible] ridge [illegible] high pressure will produce some sunny spells over [illegible] England but a [illegible] system approaching from [illegible] [illegible] will bring rain [illegible] Scotland and Ireland. The [illegible] [illegible] Germany will [illegible] frequent [illegible] with gusty winds. Sunny spells [illegible] likely in western and southern France. North-eastern [illegible] will have periods of heavy rain [illegible] the Alps will [illegible] [illegible] [illegible] [illegible] [illegible] plentiful in Spain [illegible] Portugal, [illegible] Italy, [illegible] southern [illegible] [illegible] and [illegible] south-western [illegible] [illegible] Turkey.

Five-day forecast

It will continue [illegible] from southern [illegible] [illegible] [illegible] Alps, with rain and strong westerly winds and only brief brighter spells. Northern [illegible] central [illegible] will stay [illegible] freezing. Further south, it will remain relatively mild.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

		Maximum Celsius
Abu Dhabi	sun	26
Accra	shower	33
Algiers	sun	18
Amsterdam	shower	7
Athens	sun	17
B. Aires	cloudy	25
B.ham	fair	7
Bangkok	fair	32
Barcelona	fair	15
Beijing	fair	1
Belfast	rain	6
Belgrade	rain	4
Berlin	shower	4
Bermuda	fair	22
Bogota	fog	11
Bombay	sun	34
Brussels	shower	7
Budapest	shower	9
C.hagen	rain	4
Cairo	fair	18
Cape Town	sun	22
Caracas	cloudy	22
Cardiff	cloudy	8
Chicago	fair	-6
Cologne	shower	5
D' Salaam	fair	31
Dakar	sun	22
Dallas	cloudy	23
Delhi	sun	23
Dubai	fair	24
Dublin	cloudy	8
Dubrovnik	thund	13
Edinburgh	rain	6
Faro	sun	18
Frankfurt	shower	5
Geneva	rain	5
Gibraltar	sun	18
Glasgow	rain	6
Hamburg	shower	3
Helsinki	snow	-3
Hong Kong	fair	23
Honolulu	rain	25
Istanbul	fair	11
Jersey	fair	9
Karachi	fair	25
Kuwait	sun	19
L. Angeles	fair	17
Las Palmas	fair	18
Lima	cloudy	28
Lisbon	fair	18
London	fair	8
Lux.bourg	shower	4
Lyon	rain	5
Madeira	fair	17
Madrid	fair	14
Majorca	fair	17
Malta	fair	16
Manchester	rain	7
Manila	fair	31
Melbourne	fair	29
Mexico City	fair	19
Miami	fair	26
Milan	hazy	13
Montreal	sun	-22
Moscow	cloudy	-4
Munich	shower	5
Nairobi	sun	27
Naples	shower	14
Nassau	cloudy	25
New York	snow	-6
Nice	shower	16
Nicosia	fair	17
Oslo	cloudy	-3
Paris	cloudy	10
Perth	fair	29
Prague	shower	5
Rangoon	fair	33
Reykjavik	snow	-4
Rio	fair	24
Riyadh	sun	26
Rome	fair	14
S. Frsco	fair	12
Seoul	fair	-6
Singapore	fair	31
Stockholm	sleet	-1
Strasbourg	rain	6
Sydney	sun	29
Tangier	sun	18
Tel Aviv	fair	14
Tokyo	rain	14
Toronto	snow	-13
Tunis	fair	18
Vancouver	sun	7
Venice	shower	9
Vienna	cloudy	10
Warsaw	rain	4
Washington	snow	-2
Wellington	fair	19
Winnipeg	sun	-12
Zurich	cloudy	5

FINANCIAL TIMES SURVEY

MOBILE COMPUTING

Wednesday January 26 1994

Portable computers have matured in the past few years, though there is still a long way to go. 1994 seems set to be the year of the subnotebook computer and suppliers [illegible] enthusiastic about the potential of the market, writes **Alan Cane**

The portable revolution

Competitors [illegible] bread Round The World yacht [illegible] in *Auckland preparing for* [illegible] fourth [illegible] of their [illegible] journey, can attest [illegible] the power of portable computing.

Every boat in the race is fitted with [illegible] notebook [illegible] the terminal for [illegible] communications system. Information – weather data, for example – [illegible] transmitted and received from anywhere in the world. The computers automatically transmit daily reports on each yacht's location, direction and speed to the race office in Southampton.

Appropriately enough, [illegible] maker of the notebooks, Tosh[illegible] Japan, [illegible] sponsoring [illegible] leading boats.

Electronic notebooks are light, robust and reliable enough [illegible] withstand the rigours of an ocean-going yacht [illegible] That [illegible] powerful [illegible] mony to the way that portable computers have matured in the past few years. [illegible] still, however, a [illegible] way to go. Power is still the biggest drawback. Even with the most advanced chemical technology and the best power management systems, [illegible] life is only a few hours [illegible] too heavy for comfort.

Remarkable computing power can be shoehorned into a notebook. Tadpole Technology, a *UK*-based electronics [illegible] has managed [illegible] build a notebook computer with the power of [illegible] It [illegible] designed [illegible] work[illegible] for IBM which will [illegible] launched soon and [illegible] likely [illegible] develop [illegible]

Today, notebooks have for [illegible] part displaced [illegible] larger, heavier laptop machines [illegible] portable computers [illegible] the subnote[illegible] computer [illegible] manufacturers compress powerful systems into pocket-sized packages [illegible] customers [illegible] new [illegible] computing [illegible] move.

The portable revolution [illegible] being [illegible] by [illegible] Over 90 [illegible] *the UK's larger companies* already use portables [illegible] some degree. For [illegible] companies they [illegible] simply small, light substitutes for desktop [illegible] But [illegible] most, they have [illegible] indispensable [illegible] workers – salespeople, inspectors [illegible] engi[illegible]

(Inevitably, [illegible] backlash has started. [illegible] people worry [illegible] portables could [illegible] computer equivalent of [illegible] "electric fork", [illegible] unkind [illegible] for [illegible] works as well whether [illegible] is on or off. They argue that glitzy technology is no substitute for [illegible] disci[illegible]

[illegible] *portable* computer? Definitions can often seem [illegible] be mere semantics as [illegible] lines between [illegible] gories blur, but there are at [illegible] four distinct kinds.

1: Notebooks. Battery [illegible] mains powered, these [illegible] typically the [illegible] of [illegible] A4 notepaper and weigh [illegible] than three kilogrammes. They have full-sized, backlit displays and full-sized keyboards and at least 80 megabytes of hard disk storage. A further [illegible] may be a "docking station" which converts the notebook into [illegible] desktop system. Most PC manufacturers [illegible] offer a [illegible] notebooks with proprietary [illegible] to distinguish them [illegible] the competition. IBM, for example, eschews conventional mouse [illegible] trackerball systems in favour of [illegible] keyboard mounted strain [illegible] – "Trackpoint" – for cursor [illegible]

[illegible] Again, [illegible] are battery or mains powered. They [illegible] of [illegible] paper[illegible] and weigh [illegible] kilo[illegible] or [illegible] Subnotebooks [illegible] already [illegible] from, for example, [illegible] of Italy [illegible] Tulip of Holland. They have back-lit displays, adequate if tiny keyboards and [illegible] capable [illegible] running [illegible] version [illegible] Windows. Olivetti's Quaderno has a digital sound recorder built in.

3: Palmtops. These – for [illegible] Hewlett-Packard's 100LX or the Psion Series [illegible] – [illegible] "unconsciously portable" and [illegible] small enough for [illegible] *carry* [illegible] *times. The* [illegible] preloaded with Lotus 1-2-3 which [illegible] be called up at the press of a button.

4: Personal [illegible] This [illegible] a new category, which [illegible] the Apple Newton, [illegible] IBM Simon, handheld devices which [illegible] computing power with communications capabilities.

Suppliers [illegible] enthusiastic about the potential of the [illegible] ket. [illegible] Eades, [illegible] UK's brand manager for portable computing, says [illegible] growth in [illegible] portable [illegible] has [illegible] "phenomenal" this year. Mr Lewis Schrock, Compaq's [illegible] product marketing, [illegible] *explosion of* [illegible] categories of machine as [illegible] fragments.

[illegible] was [illegible] a bonus year for every [illegible] maker, however. [illegible] Computer, a pioneer of [illegible] marketing and the [illegible] largest US personal computer maker, recorded its [illegible] quarterly [illegible] after being forced [illegible] abandon a poorly conceived line [illegible] PCs.

Mr Glenn Henry, [illegible] former chief technologist, [illegible] the [illegible] simply [illegible] competitive. [illegible] had not *thought through* [illegible] *mobile* computing strategy, he said. The [illegible] has now formed an alliance with Sony [illegible] Japan and is expected to return to [illegible] portable market [illegible] competi[illegible] products [illegible]

Calculating [illegible] and growth [illegible] global market [illegible] for portable computers [illegible] difficult. *It is a comparatively* [illegible] principal market research companies are [illegible] analysing [illegible] figures for [illegible] There [illegible] little doubt that overall world shipments in [illegible] came [illegible] units, 3m in the [illegible] and 1.5m each in [illegible] and Japan.

Mr [illegible] Stephen, of [illegible] US-based [illegible], says preliminary [illegible] are that [illegible] Compaq [illegible] running [illegible] and [illegible] *first place in portable computers*, with Apple Computer in third place. Toshiba and Compaq both use MS/DOS and Win[illegible] their operating system, while Apple continues to [illegible] its own, unique System 7.

Compaq [illegible] the the [illegible] pioneer for portable computers in [illegible] was [illegible] in following Toshiba into the notebook sector.

The absolute numbers, how[illegible] are not as important as [illegible] growth prospects (four desktop computers [illegible] sold [illegible] portable [illegible] year). Worldwide, growth [illegible] note[illegible] subnotebooks in [illegible] expected to [illegible] 20-25 per cent, well [illegible] per cent or [illegible] expected for the computer industry [illegible] a [illegible]

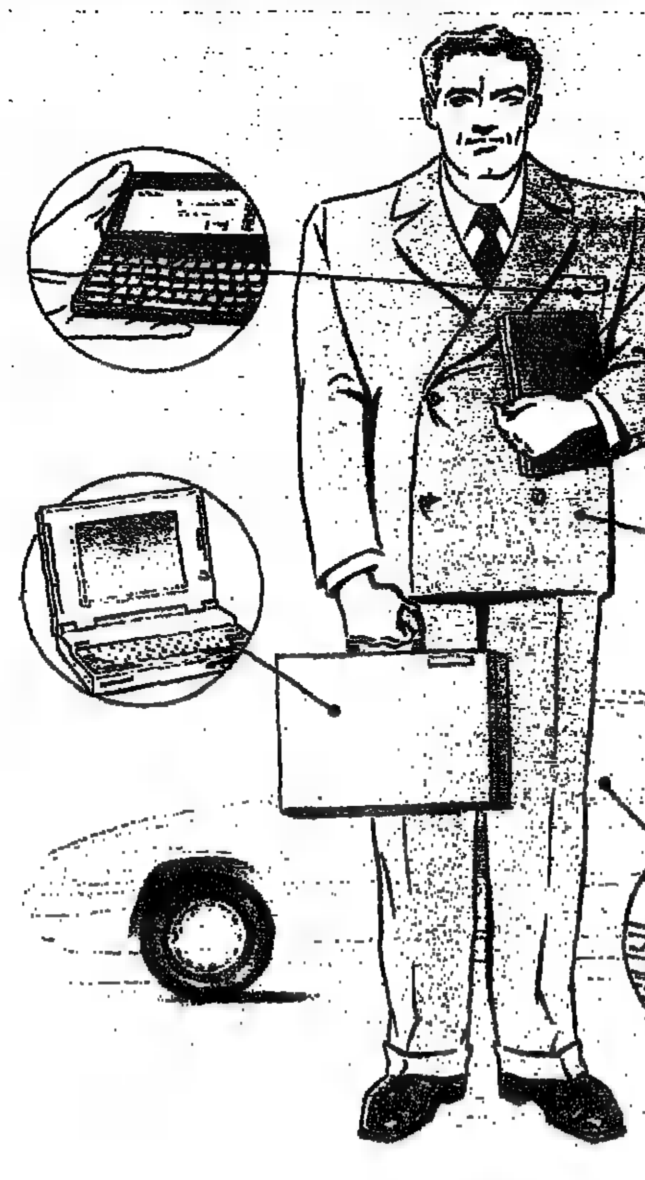
The significance of the [illegible] perhaps [illegible] illustrated by [illegible] fact that technology developed for portables is beginning [illegible] make [illegible] in desktop [illegible]

Examples [illegible] power management and PCMCIA cards. Batteries [illegible] on lithium technology can give [illegible] the [illegible] weight but portable computers [illegible] power-hungry. [illegible] devised to [illegible] requirements, [illegible] tially by turning [illegible] parts of [illegible] computer [illegible] not active.

Exactly [illegible] technology [illegible] be used in desktop [illegible] reduce [illegible] sumption [illegible] give [illegible] more environmentally friendly [illegible] "green" system. A [illegible] of power [illegible] per machine [illegible] add [illegible] when a [illegible] several thousand PCs [illegible] continuously.

[illegible] (Personal Computer Memory Card Manufacturers International Association) [illegible] the [illegible] of a credit [illegible] and [illegible] into [illegible] computer with [illegible] slot. They [illegible] the [illegible] of [illegible] adaptors, modems and [illegible] drives. It is possible, for example, to build a 1.8 inch [illegible] megabyte [illegible] drive into [illegible] PCMCIA card.

Some argue [illegible] the [illegible] lishment [illegible] the [illegible] dard will [illegible] as important [illegible] portable computing as IBM's [illegible] in the [illegible] computer business.



Leaders emerge in notebook market

The "clam-shell" notebook computer has [illegible] *facto* standard for portable computing in the 1990s, an important business [illegible] and one [illegible] the fastest-growing [illegible] ments of the world computer market, [illegible] Paul Taylor.

The success of notebook computers [illegible] from [illegible] in silicon integration and other technological *developments. As* [illegible] result, PC manufacturers can pack most, if not all, of [illegible] processing [illegible] of [illegible] desktop computer into lightweight A4-size packages.

Low-power chips, together *with improvements* [illegible] and battery technology, have enabled engineers [illegible] build machines with brighter displays and longer battery lives while new lightweight miniaturised components such [illegible] high capacity [illegible] deliver full desktop functionality. While many notebook machines [illegible] machines built around [illegible] more powerful Intel [illegible] processor [illegible] catching up [illegible]

Over the past few years, [illegible] computer [illegible] shown dramatic growth as [illegible] looked [illegible] provide fully functional computing power [illegible] computer [illegible] to bolster sagging margins.

According to Dataquest, [illegible] research organisation, [illegible] shipments [illegible] Europe jumped by 27 [illegible] the [illegible] and [illegible] corresponding period last [illegible] Mr Jeffrey Goldberg, a Dataquest analyst, says

Continued on Page 6

Paul Taylor looks at progress in an important area of communications

Modems get faster and smarter

For [illegible] [illegible] portable computer users a modem [illegible] [illegible] essential piece of kit to [illegible] packed alongside [illegible] spare battery pack, the power adapter and connecting cables.

A modem (modulator/de-modulator) enables a computer to exchange digital data over an older-style anal[illegible] telephone line with another machine, typically a head-office computer which is also equipped with a modem.

Traditionally, portable modems have commanded a 40 per cent price premium [illegible] their desktop counterparts, but new competition is beginning [illegible] erode [illegible] differential.

[illegible] the same time, advances in silicon integration and chip design have enabled modem manufacturers to build much smaller devices – including some which fit into the credit-card sized [illegible] (Personal Computer Memory Card International Association) slots found in an increasing number of portables.

This new breed of lightweight portable modems [illegible] much [illegible] transmission speeds than its prede[illegible] with sophisticated data compression and error correction features and increasingly the ability to send and receive faxes as well as [illegible]

Until recently, the portable computer user had relatively little choice in [illegible] of modems. Often the only [illegible] were paying a premium price for a proprietary internally fitted card-modem, or buying an external cigarette-packet sized portable modem made by one [illegible] only a handful of manufacturers. [illegible] devices were capable only of transmitting data at [illegible] relatively slow 2,400bps (bits per second), also known as V.22bis.

While competition [illegible] fierce and modem prices fell quickly in [illegible] US, in Europe the price of modems approved [illegible] connection [illegible] the public telephone systems has remained high, sparking controversy in the UK in particular and encouraging a flood of imports that [illegible] not been passed by the British Approvals Board for Telecommunications.

While market analysts and others have argued that the price of approved modems has been maintained artificially in Europe, manufacturers, including [illegible] recently formed Modem Approvals Group in the UK, insist that the higher prices reflect the added [illegible] [illegible] delays involved in obtaining separate approval for devices for use [illegible] [illegible] [illegible] [illegible] main European markets.

In the longer term the European Commission plans a streamlined pan-European approvals process, although this [illegible] unlikely to be in place much [illegible] the end of the [illegible] In [illegible] meantime, however, [illegible] [illegible] modem manufactures, including US Robotics and Express Technology, have broken ranks [illegible] begun selling cut price, high-speed BABT-approved desktop modems in the UK.

Modems are also getting faster [illegible] smarter. The current business standard is for data transmission at 14,400bps (also known as V.32bis) coupled with V.42 error correction and V.42bis [illegible] compression which allow [illegible] higher transmission speeds. Most portable models, which currently cost from about £200 to [illegible] can also send facsimile [illegible]

Some notebook computers, such as AST's PowerExec and Bravo ColourPlus [illegible], are [illegible] being bundled with high-speed PCMCIA modems – in AST's case Pace Micro Communications' [illegible] Microlin V.32bis fax/modem.

Meanwhile [illegible] new international standard, dubbed V.Fast [illegible] V.34, covering [illegible] transmission at 28,800bps [illegible] expected [illegible] be agreed by the International Telecommunications Union-Telecommunications standards committee shortly.

However, the delay in approving this [illegible] standard [illegible] already led [illegible] [illegible] confusing plethora of new proprietary interim standards including 19.2Kbps, V.32 turbo and V.Fast [illegible] (VFC) promoted by various manufacturers.

[illegible] modem hardware is becoming increasingly sophisticated, [illegible] is the software which operates with it. For example, [illegible] [illegible] has developed [illegible] integrated suite [illegible] [illegible] [illegible] applications and communications software, which has been dubbed RemoteWare.

RemoteWare, which is already used by more than 400 companies in the [illegible] and [illegible] growing number of customers in the UK including Windsor Life, the direct sales assurance company, enables [illegible] IT staff [illegible] [illegible] communications – including distributing software – with portable computers in the field over ordinary dial-up telephone lines.

Currently [illegible] portable modems, including PCMCIA card modems, are designed [illegible] [illegible] plugged into a wall telephone [illegible] However some niche products are designed to [illegible] with special situations. For example Tricom, [illegible] [illegible] manufacturer, sells [illegible] which are designed [illegible] work with "virtually [illegible] telephone in the world".

The company's two Pearl fax/modems feature a fold-out device which can be attached to the telephone handset enabling them to be used with pay phones, mobiles, hotel phones or anywhere [illegible] where a telephone wall socket is not available.

However wireless modems, [illegible] to be used with the existing analogue cellular telephone services or, in the case of the Ram Mobidem, with the new breed of dedicated mobile packet-switched data networks, represent the ulti[illegible] in portability since they will allow mobile computer users to transmit or receive data and faxes from virtually anywhere.

Eventually, however, there may be no need for modems at all since, at least in theory, it should be possible to plug [illegible] digital device, including portable computers, directly into the next generation of mobile telephones operating on digital cellular networks. Some devices, such [illegible] personal digital assistants, may even combine the portable data processing and [illegible] [illegible] [illegible] functions.

■ DATA TRANSMISSION

Solutions are starting to emerge

[illegible] the portable computer user [illegible] [illegible] [illegible] exchange [illegible] with the office, plugging a modem into [illegible] telephone socket [illegible] fine when one is available. But [illegible] the move, wireless telecommunications provide the only [illegible] solution.

Indeed, the success [illegible] [illegible] lightweight handheld computing devices such [illegible] personal digital [illegible] [illegible] likely [illegible] depend [illegible] [illegible] large degree [illegible] the effective integration of [illegible] processing and telecommunications functions.

It has been possible for some time to [illegible] [illegible] [illegible] an analogue cellular telephone system [illegible] [illegible] [illegible] [illegible] or Vodaphone networks in the UK, though it [illegible] generally more difficult, slower and considerably [illegible] expensive than [illegible] the fixed public [illegible] telephone network.

[illegible] factors, together [illegible] concerns about line quality [illegible] dropped calls, [illegible] [illegible] that relatively [illegible] business customers use cellular telephone systems to transmit [illegible]

For those cellular voice customers who do require [illegible] communications, one solution [illegible] been to use [illegible] special cellular modem. For example, in [illegible] UK Vodafone's mobile [illegible] service [illegible] [illegible] special cellular data link control (CDLC) modem to enable [illegible] [illegible] transmit and receive [illegible] [illegible] [illegible] [illegible] network.

It [illegible] [illegible] possible [illegible] [illegible] [illegible] [illegible] called a cellular line interface (CLI) [illegible] conjunction with [illegible] [illegible] [illegible] [illegible] [illegible] mobile telephones manufactured by NEC and Motorola.

This [illegible] [illegible] solution chosen by Mercury Mobile Services for its client, Unisys, [illegible] [illegible] US computer [illegible] [illegible] [illegible] "[illegible] on" [illegible] [illegible] [illegible] [illegible] for [illegible] UK-based [illegible] [illegible] field engineers [illegible] already had [illegible] telephones linked [illegible] [illegible] Vodaphone network.

Using their notebook computers and plug-in Multitech [illegible] card modems, the engineers can now call up and [illegible] a manual [illegible] from [illegible] roadside [illegible] [illegible] [illegible] speed [illegible] 4,800 bps.

Data [illegible] over [illegible] new generation of digital cellular telephone systems, such as the Global System for Mobiles services in Europe which have just started up, should be [illegible] simpler, faster and more [illegible]

The [illegible] specification includes [illegible] facility [illegible] will eventually allow [illegible] terminal – for example, a portable facsimile machine or a notebook computer – to be plugged directly into [illegible] handset.

Another option for those customers who want the benefits of both voice [illegible] [illegible] communications from [illegible] moving vehicle is [illegible] [illegible] [illegible] two-way public [illegible] mobile [illegible] service such [illegible] [illegible] [illegible] National [illegible] Three. Users buy their own communic[illegible] equipment and [illegible] [illegible] [illegible] [illegible] monthly subscription – [illegible] [illegible] [illegible] call charges.

Nevertheless, for those mobile computer [illegible] who require [illegible] high speed, high quality wireless data link, [illegible] packet-switched [illegible] networks such as [illegible] – [illegible] joint venture between [illegible] and Motorola – and Ram Broadcasting in [illegible] US, Ram Mobile Data in [illegible] UK [illegible] [illegible] Bundespost Telekom's Datex-P [illegible] that they [illegible] a more efficient service.

This new breed of [illegible] data telecommunications [illegible] [illegible] been spawned by the wave of liberalisation sweeping through [illegible]munications regimes in the US, Europe and elsewhere, and it already [illegible] like being fiercely competitive.

In the [illegible] market, aside from Ardis [illegible] [illegible] Broadcasting, AT&T's cellular subsidiary, [illegible] Cellular Communications, [illegible] upgrading its network [illegible] carry packet-[illegible] [illegible] communications [illegible] expects [illegible] cover more [illegible] [illegible] cities by the end [illegible] this year.

The [illegible] network [illegible] expected [illegible] be used [illegible] [illegible] data communications by personal [illegible] [illegible] manufactured by EO, another AT&T subsidiary, which [illegible] building PDAs [illegible] competition [illegible] Apple's Newton.

In the UK five companies [illegible] originally awarded 25-year mobile [illegible] network licences in October 1991. [illegible] [illegible] [illegible] shake-out there [illegible] now three mobile data network operators, Cognito [illegible] Ram Mobile Data, [illegible] joint venture involving US-based Ram Broadcasting and BellSouth, France Telcom, Swedish Telcom and Bouygues, and Paknet which [illegible] now owned by Vodafone [illegible] was awarded [illegible] [illegible] [illegible] in [illegible] [illegible] [illegible] [illegible] fixed [illegible] licence.

Although [illegible] growth [illegible] [illegible] slower [illegible] many analysts expected, Mr John Jarvis, Ram Mobile [illegible] chief executive, says he met his [illegible] [illegible] [illegible]

Ram is attempting to attract new business customers by taking [illegible] lead in developing [illegible] software for the mobile [illegible] [illegible] – viewed by many as the key to future growth. "[illegible] [illegible] about 40 applications of one sort or another," says Mr Jarvis, [illegible] which about a dozen are finished.

Ram also believes that its use of Ericsson's Mobitex network hardware, which is beginning to emerge as a *de facto* standard in Europe, will help attract a growing number of multinational business customers and should eventually enable its subscribers to "roam" throughout Europe as well as generating economies of scale.

The cost of radio modems for network use has already fallen to about £300 each when purchased in volume, several hundred pounds cheaper than just eight months ago. Thus, even though mobile data has had a sluggish start, most analysts still expect dramatic growth in the market over the next five years – fuelled largely by the growth in mobile computing and the next generation of PDAs.

Paul Taylor

■ SCREEN TECHNOLOGIES

Too soon to write off the cathode ray tube

When [illegible] [illegible] "luggable" portable computers [illegible] to appear [illegible] decade ago, many used miniature mono-cathode [illegible] [illegible] [illegible] their [illegible] – mimicking their early desktop counterparts.

[illegible] CRTs, although cheap, were heavy and power-hungry. They were quickly replaced by [illegible] thin, flat liquid crystal displays which [illegible] helped define the clam-shell [illegible] of the [illegible] [illegible] and [illegible] now appearing in the next generation of pen-based computers and personal digital assistants.

From their discovery more than [illegible] century ago liquid crystals, which share the properties [illegible] both liquids [illegible] solids, remained [illegible] laboratory curiosity until 1963 when RCA, [illegible] US broadcasting company, found that by applying an electrical charge, [illegible] liquid crystal molecules could [illegible] [illegible] [illegible] realign so [illegible] they either passed, [illegible] blocked, polarised light.

Another decade passed before Sharp, the Japanese [illegible] electronics group, [illegible] [illegible] first calculator with a liquid crystal display. [illegible] then, LCDs [illegible] appeared in [illegible] wide [illegible] [illegible] [illegible] electronics including portable computers.

The majority [illegible] portable [illegible] [illegible] since [illegible] [illegible] have come equipped with [illegible] in various guises, first in mono form [illegible] increasingly in colour – driven by [illegible] success [illegible] software like Microsoft's Windows.

The most basic early [illegible] [illegible] relatively simple "passive matrix" LCDs [illegible] [illegible] twisted nematic (TN) technology. That was fine [illegible] small screens, but [illegible] [illegible] display size increases, [illegible] [illegible] between [illegible] [illegible] light [illegible] [illegible]

One solution [illegible] [illegible] problem has been [illegible] increase the twisting [illegible] and thereby increase contrast. Thus manufactures [illegible] developed "super twisted" nematic displays (STN), "double super twisted" nematic (DSTN) displays in which [illegible] [illegible] cells are used and even "triple super [illegible]" nematic (TSTN) displays which [illegible] a refracting polymer film applied [illegible] the STN cell, allowing thinner displays with higher [illegible]

Another increasingly popular option which improves the quality [illegible] lower-price passive colour [illegible] is "double scanning". A double scan LCD updates [illegible] image [illegible] as [illegible] as the normal [illegible] for passive LCDs, generating deeper colours [illegible] brighter images.

But despite these improvements, "passive" LCD technology still has some shortcomings. Among these, the [illegible] is still insufficient [illegible] reproduce the full [illegible] [illegible] colours available with [illegible] conventional CRT, [illegible] [illegible] [illegible] have relatively slow [illegible] times [illegible] mean [illegible] moving images tend to [illegible] and [illegible] [illegible]

[illegible] limitations are overcome in [illegible] form [illegible] [illegible] by [illegible] "active matrix" thin film [illegible] (TFT) technology [illegible] [illegible] contrast and [illegible] time [illegible] adding a transistor "[illegible]" to each LCD cell [illegible] "pixel". Most of the colour notebook computers sold today [illegible] active-matrix TFT displays produced in Japan by a small group [illegible] manufacturers.

> **Liquid crystals remained a laboratory curiosity till it was found, by applying an electrical charge, that the molecules could be realigned to [illegible] or block polarised light**

However, building 10-inch active-matrix TFT display [illegible] an extremely complex and costly process involving [illegible] 100 steps spread out [illegible] [illegible] period of four weeks. Active-matrix [illegible] [illegible] [illegible] 10 [illegible] [illegible] layers [illegible] [illegible] and involves etching around [illegible] components.

A single dust particle can wreck a whole display and analysts [illegible] that, despite precautions, [illegible] than half [illegible] manufactured display panels have [illegible] [illegible] rejected because [illegible] flaws. [illegible] [illegible] manufacturing [illegible] improve and more Japanese manufacturing plants come on stream, [illegible] price [illegible] active-matrix TFT [illegible] [illegible] beginning [illegible] fall.

Two other flat [illegible] [illegible]*nologies*, [illegible] *plasma* and electroluminescence, are [illegible] in use. Unlike LCDs, which need [illegible] or side lighting, gas plasma screens generate [illegible] [illegible] light. In addition, response [illegible] [illegible] [illegible] [illegible] [illegible] price of gas plasma [illegible] is lower than that of [illegible] matrix systems. Electrolumin[illegible] [illegible] are also fast, can support very high resolutions [illegible] are cheaper than TFT displays, but they tend to be power-hungry.

Display manufacturers [illegible] [illegible] [illegible] investigating other [illegible] technologies including [illegible] [illegible] and metal-insulator-metal screens. In MIM displays, [illegible] layer of [illegible] is sandwiched between two [illegible] of metal. They provide [illegible] [illegible] and may eventually [illegible] cheaper than TFT machines. However, [illegible] production techniques for MIM displays [illegible] yet [illegible] be [illegible]

Some industry analysts and [illegible] [illegible] [illegible] in the longer [illegible] ferro-electric LCDs, pioneered by CRL, part [illegible] the [illegible] Thorn-EMI group, and Canon in Japan, [illegible] the [illegible] promise. FLCDs use [illegible] different type of liquid crystal which [illegible] [illegible] quickly and, [illegible] importantly, is [illegible] [illegible] means [illegible] once a pixel is switched on (or [illegible]) it stays like that until it receives another signal.

As a result, they [illegible] not need continuous [illegible] to maintain [illegible] image and, because only those parts of the screen that have changed need to be updated, battery life [illegible] [illegible] by 20 times [illegible] more. FLCDs [illegible] also lighter, brighter, have [illegible] [illegible] viewing angle [illegible] [illegible] cheaper than TFT screens.

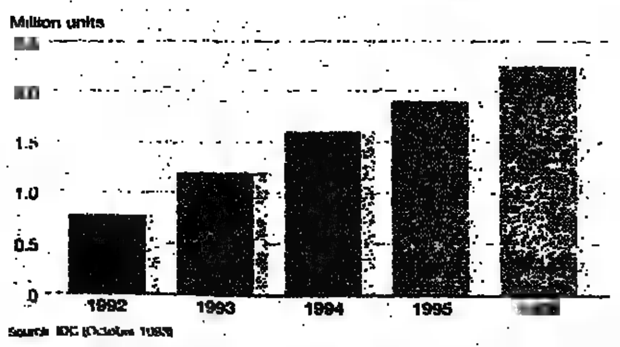
But they [illegible] have [illegible] disadvantages. In particular, today's ferro-electric [illegible] do not produce as wide a range of grey tones as most active-matrix LCDs. Even more critically, ferro-electric crystals are sensitive to shock which has made it difficult to develop a practical FLCD, although CRL and Canon claim [illegible] [illegible] overcome this problem.

Despite all these new developments, it may [illegible] [illegible] soon [illegible] write [illegible] the old cathode ray tube. For example, [illegible] year [illegible] Electric Industrial [illegible] [illegible] it had managed to do away with both the conventional guns and the magnetic [illegible] that make current CRT [illegible] so deep. The [illegible] is a flat CRT screen [illegible] than four inches thick. Such technology could potentially lead to the re-introduction [illegible] the cathode ray tube into the portable computer market.

Paul Taylor

Turn to page 6

Western Europe: transportable/portable printers



■ PORTABLE PRINTERS

The paper dilemma

The computer industry has always fought a marketing battle against its [illegible] complicated products. If you want to [illegible] a personal computer, you have [illegible] persuade the [illegible] buying a smart but simple tool. [illegible] suggestion [illegible] programming or wiring up connections [illegible] printers and other peripherals is still enough [illegible].

The portable [illegible] had to [illegible] of profound scepticism. Bulky initial models [illegible] the mid-1980s demanded [illegible] muscle than technological know-[illegible]. The portable [illegible] up [illegible] then, acquired a new [illegible] notebook and [illegible] truly convenient.

But [illegible] question of hard copy remains. Do [illegible] or need the [illegible] weight [illegible] of an integral printer? How important [illegible] it [illegible] get [illegible] off [illegible] and [illegible] paper when [illegible] are [illegible] from the [illegible]?

[illegible] has [illegible] running with small lightweight printers. Apple [illegible] this range under its [illegible] badge. Canon's BN22 [illegible] computer [illegible] launched [illegible] July [illegible] has [illegible] 2,000 copies [illegible] far. Prices range from [illegible] whatever the specification, a printer is [illegible] the [illegible].

Mr Graham Salmons, Canon project manager, reckons the integral printer is essential, but only [illegible] of user. "[illegible] are the genuinely mobile users, [illegible] always use the [illegible] its battery."

An insurance [illegible] may need [illegible] the spot, [illegible] through [illegible] post. Drivers with haulage [illegible]nies have to print out a receipt [illegible] dropping [illegible] thousand gallons of petrol.

[illegible] BN22 [illegible] approximately the [illegible] of a telephone book, with a keyboard that lifts to [illegible] paper [illegible] slotted through [illegible] printed [illegible]. The BJ10 [illegible] a similar A4-sized device, but is a dedicated printer. "It's designed to [illegible] a portable printer. You can run it [illegible] battery, but only 15 per [illegible] of [illegible] that." [illegible] Salmons. Canon [illegible] sold [illegible] the £289 [illegible] since October [illegible]. So the stand-[illegible] printer definitely [illegible] edge in portable computing.

Hewlett-Packard has an [illegible] track record in printers and [illegible] ventured into very [illegible] notebook computers with [illegible] Omnibook. [illegible] company has [illegible] plans [illegible] merge both areas [illegible] expertise. "The main priority in designing a [illegible] is size. If you want a printer you [illegible] buy [illegible] a separate product," [illegible] Joanne Talfourd-Cook, PC product manager.

The Deskjet is a portable printer [illegible] Hewlett-Packard: [illegible] dimensions of a tissue-box and [illegible] £230. The Omnibook retails for £999 and Ms Talfourd-Cook [illegible] it can do [illegible] job without a built-in printer. "To be honest, we don't appeal [illegible] people [illegible] to print [illegible] the go."

[illegible] Deskjet is designed [illegible] appeal [illegible] whom Hewlett-Packard characterises as the "carry [illegible] park" brigade. Professionals such as auditors will move their printer from site [illegible] site, [illegible] something light [illegible] por-[illegible]. But they still set up shop in [illegible] location, running [illegible] mains.

Compaq [illegible] per [illegible] the UK's [illegible] annual [illegible] of notebook computers. But [illegible] of [illegible] portables embody a printer and the company no longer manufactures printers. [illegible] Lewis Schrock, product manager, [illegible] happy for [illegible] book customers [illegible] decide [illegible] quality [illegible] print they [illegible] and [illegible] to Canon or other companies with a pedigree in the field. "Our strength [illegible] PC technology, Canon's [illegible] printers. So a built-in printer is a logical development for Canon products."

The mobile printing option extends beyond a choice of hardware. Many portables now [illegible] a [illegible] card. So faxing from a hotel room [illegible] machine [illegible] a practical [illegible] popular way to pick up [illegible].

[illegible] software has come up [illegible] clever [illegible]. On The Road (OTR) is a program [illegible] in [illegible] by Middle-[illegible] Teleadapt and [illegible] mobile Apple [illegible] who [illegible] exploit [illegible] heavy-duty print option avail-[illegible] in the [illegible].

The [illegible] user installs [illegible] for £80 and [illegible] machine recognises when it is no longer connected [illegible] a printer, but [illegible] the print command until the physical connection is made. The document [illegible] printed [illegible] automatically whenever [illegible] is plugged [illegible] one of [illegible] preset locations.

Apple is quite [illegible] with shortcuts [illegible] evade [illegible] porta-

[illegible] Salmons: [illegible] success for [illegible] integral printer

[illegible] printer dilemma. "If you go for an integral printer you have to take something out. Our research [illegible] people [illegible] want that," [illegible] Cruickshank, Apple notebook product [illegible].

[illegible] remote access facility [illegible] Apple user to log on [illegible] the [illegible] network and printers [illegible]. [illegible] plugs [illegible] Powerbook into a phone jack and [illegible] the document [illegible] his [illegible] base. This [illegible] password and [illegible] terminal [illegible] part of the local network. Apple regards [illegible] more practical than travelling [illegible] a printer. "I [illegible] very [illegible] people who [illegible] print out on [illegible] road," [illegible] Cruickshank adds.

The significance of portable printers [illegible] dictated entirely by the way individuals [illegible] business. Mr [illegible] of Canon declares that his portable printer [illegible] a commercial [illegible] "the [illegible] thing that [illegible] still relies [illegible] is paper". At merchant [illegible] S.G. Warburg, powerful Sparc-[illegible] portables help demon-[illegible] cross-border leasing proposals [illegible] customers.

Mr Tim Stone, a Warburg director, is not interested in [illegible] a printer around, no matter how light. "Paper [illegible] rarely needed at the point [illegible] we use [illegible] machine. [illegible] you can always generate a [illegible] equipment. It's so rare that I need paper, I try to [illegible] it altogether." Just as notebook computers fill a niche, so portable printing [illegible] of [illegible].

Michael Dempsey

George Black looks at the fortunes of Apple

The odd one out mounts a strong challenge

Apple, [illegible] always the odd one out in personal computers, [illegible] mounting a strong challenge in both notebooks and personal organisers with idiosyncratic products.

Somehow, it [illegible] made a virtue out [illegible] being non-standard, where [illegible] other computer firms [illegible] run into a [illegible] of criticism for it.

Alone among leading PC makers, Apple adopted Motorola rather than Intel chips and on them built a strong brand loyalty [illegible] machines.

Mr Chris Herbert, senior [illegible] analyst [illegible] market monitoring firm Romtec, [illegible] "Apple has extremely strong support among its users." [illegible] retains a 10 per cent [illegible] of [illegible] total UK market for PC, which is still rapidly growing, and has taken third place in [illegible] UK notebook market behind Toshiba with around [illegible] cent and Compaq with 22 [illegible].

But Compaq and Toshiba increased their joint share in 1993 [illegible] 67 per cent from around [illegible] the previous year, with Toshiba's sales almost doubling. Competition will be equally severe in most other [illegible].

Apple [illegible] struggling [illegible] win acceptance in the corporate market, where Compaq [illegible] often the official [illegible] supplier [illegible] IBM. Apple's supporters claim that, [illegible] it [illegible] left to users, a large proportion would choose Apple, but many companies have a purchasing policy which will not let them do so.

Two shrewd decisions by Apple in the [illegible] couple of years have helped it [illegible] stay [illegible] the [illegible]. The first [illegible] the diversification of its previously [illegible] rigid sales channels. Instead of marketing entirely through dealers, it appointed Frontline and Ingram [illegible] master distributors and started selling through high street shops such [illegible] Dixons and John Lewis.

Secondly, it tore up its recommended retail prices, going further than [illegible] of [illegible] competitors in declining even [illegible] prices. This was generally welcomed by its resellers. Price-cutting followed, which [illegible] Apple [illegible] regain some [illegible] market share.

Its Macintosh PowerBook notebooks, introduced in 1991, [illegible] sold over 1m in the UK by the end of last year. Although they have had very good reviews, the company [illegible] not had quite [illegible] success with them [illegible] it had with its desktop machines. [illegible] market share of notebooks in the [illegible] 7 per cent, whereas in the desktop [illegible] 11-12 per cent.

The PowerBook runs [illegible] 68030 chip and copies the intuitive, what-you-see-is-what-you-get (WYSIWYG) software environment of the desktop Macintosh, rather than using industry standard Microsoft [illegible] and [illegible].

Its built-in trackball in the centre of the keyboard instead of a mouse is said [illegible] be [illegible] to handle for the mobile [illegible]. Compaq [illegible] such a device on [illegible] models, but few others do.

[illegible] have [illegible] praised for the clarity of their active-matrix [illegible] in varying light conditions and for giving [illegible] warnings of battery rundown. [illegible] shown that Intel [illegible] machines [illegible] greater power than PowerBooks when running standard applications software such as spreadsheets, but [illegible] users seem to find this an issue.

The Duo docking system allows a PowerBook loaded with the latest [illegible] of files [illegible] from [illegible] desktop machine after [illegible] parent files have been closed. Mr Tim Clark, marketing director of KRCS, Apple's largest UK reseller, [illegible] this allows [illegible] to [illegible] work home in [illegible] evening [illegible] of confusion [illegible] file versions. File confusion [illegible] been a problem for [illegible] of some other systems.

Apple generated heavy publicity for [illegible] "messagepad", or personal digital assistant, launched in the UK in September. Reviews and [illegible] have been [illegible] for the pen-based machines, which combine the functions of personal organiser, information source and [illegible] player. Applications software from other developers for the Newton remains scarce. Only [illegible] have [illegible] so far.

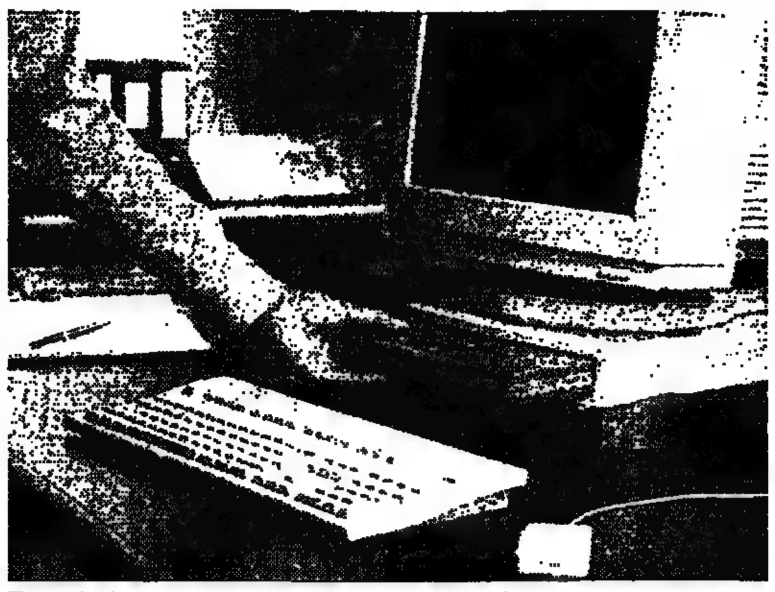
Opinion [illegible] how well it [illegible] recognise handwriting. Even [illegible] occasional word misinterpreted can lose it credibility among perfectionists.

The sector [illegible] very price-sensitive. [illegible] likely [illegible] mainly through high street stores, where plenty [illegible] other makes will [illegible] offer.

According [illegible] Mr Craig Sears-Black, Apple's director of personal interactive electronics, 50,000 [illegible] were [illegible] in the [illegible] weeks up [illegible] mid-September [illegible] the [illegible] and UK.

However, UK resellers [illegible] that at [illegible] original price of about £600 they did not sell well, though recently on special offer at about £400 sales have begun to pick up.

Mr Clark [illegible] KRCS [illegible] there [illegible] a lot to [illegible] done [illegible] explain [illegible] users [illegible] communications facilities. [illegible] still far [illegible] complete [illegible] will [illegible] essential for Apple to persuade big companies [illegible] use Newton as a [illegible] collection tool which can save [illegible] and money spent [illegible] rekeying.



The Apple Macintosh duo system and 16-inch colour monitor

Dennis Normile on prospects in Asia and its biggest market, Japan

It's not so easy as ABC

That the country which took the lead in making electronic devices portable should have also led the [illegible] with portable computers is not surprising.

[illegible] Epson claims to have been the first [illegible] to put [illegible] transportable computer on [illegible] market with its liquid crystal display in [illegible] Toshiba defined [illegible] laptop class with its T1100 series, released in [illegible] and [illegible] also ahead of the field in making computing truly mobile with the Dynabook, the first notebook computer, in 1989.

Japanese companies [illegible] still virtually [illegible] only suppliers of [illegible] key component that [illegible] mobile computers mobile: liquid crystal displays. And [illegible] days, [illegible] only computers exported from Japan [illegible] porta[illegible] models.

Japan [illegible] also far and [illegible] Asia's largest single computer market. Sales [illegible] personal [illegible]puters in Japan [illegible] steadily through the [illegible] but have [illegible] stagnant for [illegible] past three [illegible] [illegible] about [illegible] a year, [illegible] laptops [illegible] note[illegible].

Apart from Japan, reliable figures on the Asian mobile computer market are hard to [illegible] by. Dataquest Japan, [illegible] market [illegible] esti[illegible] volume [illegible] Korea, Hong Kong, [illegible] Singapore [illegible] roughly equal to Japan's market, [illegible] puts [illegible] of mobile computers at [illegible] less, [illegible] around 10 [illegible] cent.

Analysts [illegible] a resump[illegible] growth in Japan's PC [illegible] this year, expanding [illegible] 3m units [illegible] more a year by [illegible] Japan has the world's highest [illegible] portables and [illegible] important mobile computing market.

Japan's affinity [illegible] portables, however, [illegible] not based on their mobility but [illegible] their size. In Japan – and to some extent in Korea – notebook computers are not used [illegible] computing on the [illegible] but in place [illegible] desktop systems. They [illegible] up [illegible] in cramped offices than their bulky, full-sized cousins. And therein lies the nub of differing views over future directions of Japan's market.

According [illegible] Dataquest, although volume has been stagnant, the value of the mar[illegible] has crept up. [illegible] price [illegible] initiated in Japan by Compaq of the US has cut prices to half [illegible] what they were just two [illegible]. But rather than go downmarket, buyers [illegible] tempted [illegible] stretch their budgets, buying computers with [illegible] more memory and bigger hard disks.

[illegible] Katsushi Shiga, a Dataquest analyst, [illegible] this [illegible] carrying [illegible] notebook market. In particular, [illegible] colour liquid crystal displays [illegible] more affordable, [illegible] expects [illegible] with colour displays [illegible] replace desktop systems [illegible] applications needing colour. [illegible] this could help [illegible] segment [illegible] 60 per [illegible] of [illegible] growing market.

A contrary view [illegible] from Mr Makio Inui, [illegible] Kleinwort [illegible] International analyst. [illegible] upturn in personal computer [illegible] beginning this year, based on rising [illegible] from corporate [illegible] who [illegible] for [illegible] per cent of the market. But [illegible] purchasing [illegible] in Japan will [illegible] much computing power as they can for as [illegible] yen.

This, Mr Inui concludes, favours [illegible] more economical desktop systems, and he sees a fall in the share of the market held by notebook computers. While the majority of mobile computers in Japan move no further than from one corner of a [illegible] another, the electronic organisers that slip into [illegible] jacket pocket get carried around. These are seen as the forerunners of the personal digital assistants now coming onto the market.

[illegible] devices, relying on pen-input, will be a boon in Asian countries, such as Japan, which [illegible] for the written lan[illegible] reason [illegible]puters – mobile [illegible] otherwise – are rarely [illegible] by senior Japa[illegible] executives is that they [illegible] learned [illegible] type. There were [illegible] analogues [illegible] western typewriters for Chi[illegible] characters, but they [illegible] unwieldy and difficult [illegible].

The [illegible] generation [illegible] grown up using word proces[illegible] and computers, [illegible] their [illegible] are afflicted with "key[illegible] allergy". [illegible] would [illegible] pen-input [illegible] particularly useful [illegible] them extremely difficult [illegible] realise. The algorithms [illegible] slow [illegible] error-prone in recognising the 26 letters of the English alphabet have a [illegible] daunting task in trying [illegible] identify [illegible] roughly 2,000 characters used in Japanese newspapers.

Pen-input machines and [illegible]ware with acceptable speed and accuracy [illegible] likely to emerge later in Asia than in the US and Europe. This means that except for a number of specialised niches, the size of the keyboard [illegible] still likely [illegible] limit the extent to which machines for serious mobile computing can shrink, [illegible] more so in Asia than in America and Europe.

The pen-input personal digital assistants [illegible] likely to find [illegible] niche in Asia [illegible] specialised [illegible]. They might [illegible] used, for example, [illegible] tick off deliveries [illegible] an electronic form. For [illegible] general [illegible] PDAs may prove their worth for checking electronic mail [illegible] sophisti[illegible] paging devices.

Mr Inui [illegible] the ability [illegible] 10 to [illegible] of text to roving [illegible] and travelling executives [illegible] creating a niche for PDAs equipped with receivers. But the growth of this market will require the blessing of telecommunications authorities, which he [illegible] as slow [illegible] coming in Japan.

■ PORTABLE WORKSTATIONS

Tadpole faces big rival

Clive Thompson is [illegible] soft[illegible] engineer [illegible] British Telecom's Martlesham [illegible] research centre in Suffolk. He designs complex software systems [illegible] manage international data [illegible] networks. This [illegible] not work that fits on a standard desktop PC. The prime tool [illegible] such software developers is the high performance workstation, characterised by [illegible] Sun computer. Running the Unix operating system, [illegible] machines give engineers the power to twist and test intricate pat[illegible] figures – the number-crunching of computer lore.

The dilemma for Mr Thompson is that his clients are BT senior [illegible] spread about the country. They are not always found [illegible] a Sun workstation. Without [illegible] facility, it [illegible] impossible to [illegible] the [illegible] step in network [illegible]. BT [illegible] to find [illegible] way to pick up [illegible] workstation and [illegible] the demonstration around.

The [illegible] was a portable computer produced by Cambridge-based Tadpole Technology. Tadpole set out to fit [illegible] Unix-friendly chip into [illegible] small portable frame [illegible] up with [illegible] Sparcbook. Sparc refers [illegible] the Unix chip developed by [illegible] now in the [illegible] of the Sparc International group, an industry com[illegible] including AT&T. Tadpole began [illegible] deliver the Sparcbook [illegible] the ultimate in [illegible] PCs.

The Sparcbook is not [illegible] cheap toy. Entry level machines cost £4,300, with more powerful models selling for up [illegible] £13,475. But it [illegible] the only option for BT staff who needed to transport and display sophisticated [illegible]. Using a network [illegible] not realistic, since Unix workstations would still be required [illegible] receive and run the program. Nor would carrying the software on disk, to be loaded [illegible] before each demonstration, work. "You can't simply load and [illegible] as you would with a standard package," Mr Thompson [illegible]. "If I did that, I'd spend more time configuring it than carrying out the demonstration."

While BT [illegible] impressed with the Sparcbook, Mr David Thurgate, a technical analyst with Barclays Network Services, has reservations. Mr Thurgate tried [illegible] find a [illegible] heaving a large Unix [illegible] about to keep executives up to speed [illegible] normal office hours. The Sparcbook [illegible] "a bit [illegible] desperate solution".

Though the second, current, [illegible] of [illegible] product [illegible] improvement, Sparcbook [illegible] unable [illegible] emulate the graphics of [illegible] workstation. "The screen handling [illegible] not that good. It was [illegible] slow display connected to a fast computer."

In the event, Mr Thurgate decided that Unix in a briefcase was not right for [illegible]tives hooked to this database. However, his software devel[illegible] may have [illegible] use for the Sparcbook. "We're not talking about people using it on a train. You'd use it to carry the database around and plug it into [illegible] fixed screen." The [illegible] price [illegible] the Sparcbook was not [illegible] factor, however. Mr Thurgate [illegible] that for highly technical applications the price tag is irrelevant.

Tadpole has [illegible] a prominent role in bringing Unix [illegible] on the streets. But its comparative success, turning [illegible] £23m in [illegible] has attracted competition. IBM will launch [illegible] Unix portable shortly. This will be aimed at customers [illegible] RS6000 Unix machines [illegible] bring [illegible] software [illegible] at [illegible]. It will be based around the Power PC chip developed [illegible] of an [illegible] with Apple and Motorola.

In its new [illegible] humbler incarnation, IBM admits to technical alliances with other suppliers. And [illegible] post-restructuring culture seems to have produced unaccustomed generosity among IBM executives. Mr John Barnes, IBM RS6000 product manager, praises Tadpole's contribution in opening up a niche market. "There's a market for Unix portables because Tadpole has established it." Perhaps that explains IBM's ambitions for its own Power Unix portable PC.

IBM believes that enough people need the specialised strengths of Unix on the move and are willing to pay for the privilege. The substantial cost of this equipment has drawbacks for more than the company accountant. Theft is a major worry. But the institution that needs this capability tends to have deep pockets.

Mr Michael Bentley, a systems administrator at merchant bank Merrill Lynch, is a Sparcbook user. The bank's staff has a nomadic existence and relies on Unix. "Offshore Debt bought four, for around £9,000 apiece." Is he concerned about small portable computers that approach the price of a company car? "If we lose one, we write it off."

Michael Dempsey

Geof Wheelwright looks at contrasting market fortunes

Dell dips as Zenith zooms

[illegible] stark in [illegible] mobile computing market [illegible] fortunes [illegible] Dell Computer and Zenith Data Systems. While [illegible] had to [illegible] its systems and withdraw from [illegible] market after poor sales, [illegible] a lean period [illegible] gains in North [illegible] year of [illegible] cent.

[illegible] began with [illegible] lightweight 320SLi notebook computer – [illegible] bine long battery life [illegible] a low price. The design, however, did [illegible] hold up well to [illegible] rigours of portable [illegible]puting. Users complained about "easy [illegible] lose" rubber [illegible] expansion ports, [illegible] lack of [illegible] backlit screen (a feature designed [illegible] battery [illegible]) and overheating when in [illegible] for [illegible] period.

The overheating was [illegible] serious that [illegible] systems. However, [illegible] computer [illegible] says that [illegible] committed [illegible] introducing new notebook and subnotebook computers this [illegible] – [illegible] recently hired Mr John [illegible] Apple Computer executive, [illegible] a vice-president.

Mr [illegible] was instrumental in the design contracting of Apple's [illegible] PowerBook [illegible] of mobile [illegible]puters – developed in conjunction with Sony of Japan.

[illegible] analysts already predict [illegible] Mr [illegible] will [illegible] Sony's help in the design of [illegible] products – and that [illegible] will be subnotebook systems with both colour and monochrome displays. Sharp [illegible] expected [illegible] supply [illegible] colour [illegible] for these systems, which may [illegible] launched in [illegible] second half of this year.

In the meantime, Dell [illegible] likely to unveil a range of "interim" mobile computing systems [illegible] will be the result of Original Equipment Manufacturer agreements currently under negotiation with portable computer [illegible]. These [illegible] will probably be [illegible] on AST's Bravo range of [illegible] systems.

While [illegible] has been suffering, laptop PC pioneer [illegible] Data Systems (now a subsidiary of Paris-based Groupe Bull) has been crowing about its recent rebound in the notebook computer market. The company claims to have shipped [illegible] than 150,000 portable computer systems [illegible] North America alone [illegible] year – almost twice its volume in 1992.

At the [illegible] been the company's Z-Lite subnotebook computer range, which has earned high marks from reviewers for [illegible] long battery life, comparatively low price [illegible] expansion options.

According [illegible] Mr Alan Soucy, vice-president [illegible] the [illegible] mobile systems division, one key to [illegible] company's current philosophy about mobile systems is that docking stations – [illegible] portable computer [illegible] have traditionally used to provide desktop expansion [illegible] their [illegible] – [illegible] no place in [illegible] more.

Instead, Zenith [illegible] offering [illegible] compatible expansion [illegible] on all [illegible] subnotebook computer products – and [illegible] $1,000, a new "personal server" designed [illegible] offer [illegible]top functions to portable PC users in [illegible] way.

The personal [illegible] features Ether[illegible] network connections to portables. It is about the size of toaster, yet offers room for lots of storage, as well [illegible] hard-to-add devices such as [illegible] CD-ROM player. In addition, [illegible] portable computer users [illegible] the personal server [illegible] once.

Mr Soucy says that [illegible] stations, by contrast, [illegible] that [illegible] user can connect [illegible] any one time, that the connection be made with an often-clumsy, multiple pin – and that users buy [illegible] new docking station every time they get a new model or brand of portable computer.

The other big push for ZDS in 1994 will be in the personal digital assistant market. Three products will be launched in the current calendar year – one for wireless local area network connection to PCs, another with embedded wide area communications capabilities and the third designed more along industry-standard lines.

It is expected that the first two of these systems will be more "personal communicator" products than full-blown handheld computers – while the third is likely to be based on [illegible] variation of the Microsoft [illegible] Work architecture and [illegible] use an Intel microprocessor. All systems will offer pen-based input.

ZDS will price at least one of the systems at around $500 to make high volume inroads into the market [illegible] responding to press criticism at the high prices of Apple's Newton and the Tandy/Casio Zoomer.

Geof Wheelwright looks at developments in the US

Banner ideas are brought to life

1993 will be remembered as a banner year [illegible] mobile computing in North America. It was the [illegible] in which [illegible] whole range [illegible] technology trends turned into real products that users could hold in their hands.

Technologies such [illegible] hand-writing recognition, pen-based control, radio-based data communications, cellular data and fax communications, remote PC [illegible] database access and fast, low-power computer processors made new mobile computing applications possible – and [illegible] the heart of a number of new mobile personal computers.

These included Apple's Newton – which [illegible] heavy, although [illegible] always [illegible] use of hand-writing recognition technology – and the Tandy/Casio Zoomer. This new [illegible] pocket-sized mobile computer has been [illegible] the personal digital assistant and has already achieved something [illegible] a cache [illegible] "must-have" for those [illegible] yuppies who survived the 1980s.

Apple's biggest push [illegible] recently has been with [illegible]. Although [illegible] has been on [illegible] for several months – [illegible] sold [illegible] than [illegible] units – [illegible] *has* suffered from [illegible] lack of add-ons to connect it to desktop computers.

The [illegible] to this problem came [illegible] the autumn Comdex show in Las Vegas in the form of Apple's Newton Connection kit for Windows – which allows Newton to exchange information with Windows-equipped IBM-compatible personal computers. The kit [illegible] co-developed with Washington-based Travelling Software – [illegible] of the popular LapLink software for linking laptop and desktop computers.

In addition, Apple finally started shipping its long-awaited [illegible] Newton FaxModem [illegible] with [illegible] communications speed and Group III fax compatibility. The company [illegible] co-developed this product – [illegible] with communications specialists *Megahertz – and offers it on* [illegible] PCMCIA (Personal Computer Memory Card Industry Association) Type II card.

It [illegible] clear that Apple – and arch-rivals Tandy and [illegible] – will not be the only companies in [illegible] PDA market for much longer. Canadian computer-maker Darius, [illegible] the first third-party firms to use [illegible] powerful Alpha chip [illegible] *desktop computer, has* announced plans [illegible] develop a low-cost, high-powered PDA.

Meanwhile, AST recently announced full details of [illegible] 1lb "Zoomer-style" PDA, using technology it acquired from Tandy's Grid computer operations when it took [illegible] some of Tandy's computer business [illegible] year. Currently known as Model [illegible], it will [illegible] same processing chip [illegible] operating system [illegible] the recently-released Tandy and [illegible] products – while offering the Grid Pen-Right pen computer operating system as [illegible] option. Price is expected to be [illegible] than $1,000.

[illegible] SunDisk [illegible] developed [illegible] Mb "flash" memory card that will [illegible] in [illegible] PCMCIA II slots and interest all PDA and notebook computer [illegible] several hard [illegible] in this [illegible] have been developed (including one from SunDisk), it [illegible] the first solid-state memory card with this capacity. It [illegible] start shipping by next spring at $1,995 – although that price [illegible] expected to drop [illegible] demand [illegible] increase.

[illegible] Zoomer both include personal productivity applications (such [illegible] diary, notepad and [illegible] book) and have spawned a number of *add-on products that allow* them [illegible] everything from sending [illegible] remotely [illegible] a cellular telephone to acting as high-tech [illegible].

Even bigger developments are expected next year [illegible] as Microsoft and [illegible] group of its hardware partners release handheld computer products based on a design standard known as "WinPad". Such products will use a cut-down version of Microsoft's popular [illegible] software, a proprietary [illegible] low-power computer chips designed by leading chipmaker Intel and will offer pen-based control [illegible] the system.

Like the Newton and Zoomer, [illegible] systems will [illegible] provide limited hand-writing recognition and a standard [illegible] of personal productivity applications. Manufacturers currently committed [illegible] the development of [illegible] WinPad devices include Compaq, Toshiba, Motorola, NCR and Epson.

[illegible] all [illegible] computers have been designed for [illegible] systems. In fact, one of the [illegible] popular digital [illegible] in [illegible] US is not [illegible] produced there – [illegible] in Japan, for that matter. The Psion [illegible] handheld computer [illegible] produced [illegible] UK by Psion, [illegible] computer maker. [illegible] in developing distribution [illegible] the [illegible] in the [illegible] launching the original system three [illegible] – and the [illegible] system is [illegible] available in [illegible] US technology shops such as The Sharper Image. The Series [illegible] its own built-in word-processor, spreadsheet, project management planner and speech recording features – and [illegible] for [illegible] than $600.

But not all US mobile [illegible] puting development is in the handheld computing sector. There is still [illegible] great deal of activity in subnotebooks, notebooks and [illegible] luggable [illegible] puters.

At last autumn's Comdex, for example, one of the most notable new systems came from luggable computer manufacturer Dolch Computers Systems, which offers the world's first Pentium-based portable computer. It also hap[illegible] to [illegible] the [illegible] computer [illegible] this [illegible] to [illegible] liquid-cooling to [illegible] the [illegible] generated by [illegible] Pentium processor. A small fluorocarbon liquid pack [illegible] placed [illegible] top of [illegible] chip [illegible] absorb the much-publicised heat of the Pentium [illegible] "heat sink" system [illegible] evenly dissipates it throughout the system.

It will [illegible] released in [illegible] versions – [illegible] PAC-586 and [illegible] A-PAC. [illegible] straight-forward, high-power, 20lb colour "lunchbox", mains-powered portable, while [illegible] second will [illegible] CD-ROM drive, [illegible] card, a microphone [illegible] speakers [illegible] handle multimedia software. Prices will [illegible] around $6,000.

Another unusual portable computing plan [illegible] from DEC – which [illegible] talking about using a planned low-power version [illegible] powerful Alpha chip in both [illegible] laptop computer as well as a PDA. The [illegible] is also talking to people [illegible] personal digital assis[illegible] business – raising [illegible] possibility [illegible] handheld, Apple Newton-style Alpha-based devices probably running some [illegible] the [illegible] At Work software architecture. DEC hopes [illegible] such a [illegible] would give Alpha [illegible] broad-based, high-volume [illegible] it [illegible] to [illegible] it competitive [illegible] other offerings.

How IBM and Compaq are fighting back

US desktop leaders start to regain high ground

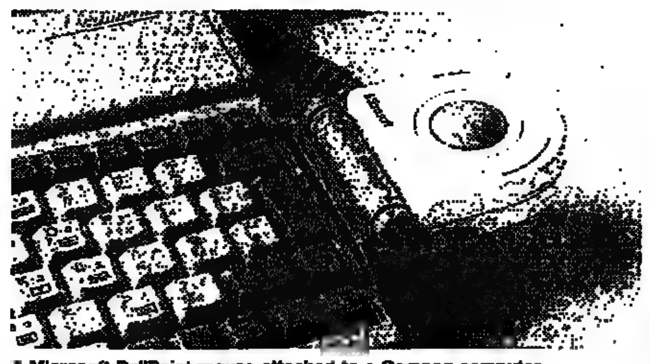
Two [illegible] the traditional US leaders in desktop computing [illegible] strides in the mobile computing [illegible] over [illegible] past 12 months. Compaq, [illegible] pioneered the portable PC market, and IBM, a [illegible] pany distinguished by many past portable failures, are finally achieving side-by-side [illegible] with their battery-operated ventures.

Compaq has aimed in the past year [illegible] regain the technological high ground from competitors such as Toshiba. In September, it launched [illegible] most innovative notebook computer to [illegible] the Compaq [illegible]. This system features [illegible] Intel [illegible] (running at 25 or 33 Mhz), [illegible] Mb of RAM, 120 Mb hard disk, a detachable keyboard, the ability [illegible] accept commands and [illegible] input from keyboard, [illegible] and mouse – and [illegible] that conform to the PCMCIA (Personal Computer Memory Card Industry [illegible]ation) standard.

Perhaps [illegible] more importantly, [illegible] system was priced [illegible] – with a docking station option for only $200 more. The [illegible] of features combined with competitive pricing [illegible] helped Compaq [illegible] significant [illegible] computer [illegible] market share.

Compaq has also announced plans [illegible] release [illegible] subno[illegible] system early this year – [illegible] bring [illegible] "Mobile Companion" handheld system based [illegible] the WinPad technol[illegible] developed jointly with Microsoft and Intel. Both should [illegible] Houston-based computer maker [illegible] chance [illegible] impact on markets [illegible] it [illegible] shunned, giving smaller competitors such as Tandy, Gateway 2000 and IBM's Ambra division [illegible] pioneer [illegible] for [illegible] systems.

The highest volume of these new systems [illegible] expected [illegible] 3.9lb sub-notebook version [illegible] the Compaq Contura – which is likely to offer battery life [illegible] up to five hours and sell for less than $2,000. Like the [illegible]certo, [illegible] will be based [illegible] the low-power Intel 486SL [illegible]sor.



A Microsoft BallPoint mouse attached to a Compaq computer

It is [illegible] to see why Compaq [illegible] to [illegible] into the subnotebook market. According to US [illegible] firm Workgroup Technologies, US shipments of subnotebook systems [illegible] demonstrated an annual compound growth rate of almost [illegible] per cent since 1992 and are expected to hit the 2m mark [illegible] year. With [illegible] prices [illegible] between [illegible] and [illegible] unit, that suggests that subnotebook systems will [illegible] market worth [illegible] $1.5bn [illegible] $2bn in [illegible] US alone [illegible] year.

IBM, meanwhile, [illegible] already made [illegible] impact on [illegible] growing subnotebook [illegible]tor with its ThinkPad [illegible] of systems. The basic ThinkPad 500 weighs only [illegible] with [illegible] or [illegible] Mhz [illegible], promises battery life of up [illegible] six hours and sells for [illegible] $2,000.

Despite critical praise and high demand for this system, IBM reported [illegible] the ThinkPad [illegible] was initially plagued by production difficulties [illegible] was now suffering battery problems – and [illegible] that, as a result, production of the machines would [illegible] halted temporarily. Production of ThinkPad [illegible] has now restarted, with IBM hoping that, meanwhile, it has not [illegible] too much momentum [illegible].

At the other end [illegible] the mobile computer market, IBM has another new ThinkPad – the [illegible]. This 6.3lb [illegible]k system not only includes [illegible] crisp, [illegible] inch TFT [illegible] colour LCD screen, 4 Mb [illegible] and a [illegible] Mb hard disk – but also [illegible] PCMCIA Type II (or [illegible] PCMCIA Type III) expansion [illegible] and built-in [illegible]bilities.

This [illegible] the ThinkPad to run multimedia applications – although the lack of [illegible] CD-ROM player will limit the number of multimedia software packages [illegible] actually be installed on it. IBM does, however, offer [illegible] optional [illegible] unit for [illegible]necting [illegible] player. The built-in sound system also allows voice [illegible] on [illegible] computer – so [illegible] could double [illegible] a limited function portable dictating [illegible].

Pricing on the system [illegible] still high – though not out [illegible] line for [illegible] system with [illegible] features. At [illegible] is not destined [illegible] a high-volume system, but it [illegible] winning critical praise.

The real point about [illegible] ThinkPad mobile computers [illegible] that they suggest, for [illegible] first time [illegible] IBM starting producing portable computers [illegible] (with [illegible] IBM [illegible] Portable), that [illegible] Blue is putting [illegible] thought [illegible] design. The [illegible] portable computers are receiving favourable press compared [illegible] existing market [illegible] – and [illegible] IBM has largely abandoned the price structures that made its systems ridiculously expensive [illegible] many years – all point to future success [illegible] IBM in [illegible].

Geof Wheelwright

George Black spotlights [illegible] of growth in Europe

Benefits of a digital network

The [illegible] of a Pan-European digital telephone [illegible] *give a big boost* to the development [illegible] mobile computing in the next few years.

This [illegible] predicted by [illegible] Jeff Goldberg, industry analyst [illegible] research [illegible]pany Dataquest. [illegible], [illegible] Groupe Speciale Mobile, [illegible] network which [illegible] beginning [illegible] replace [illegible] anal[illegible] telephone networks across Europe.

Mr Goldberg sees GSM as [illegible] strategic advantage for Europe which will make [illegible] much easier and cheaper to pro[illegible] network data services [illegible] mobile computer users. By 1996, GSM modems which enable telephones to be easily [illegible] in any European [illegible] will stimulate a [illegible] in mobile computers of all [illegible] says.

The main [illegible] growth will probably be [illegible] new [illegible] which [illegible]bine the [illegible] of the [illegible] personal organisers or [illegible] digital [illegible] with [illegible] of the cellular phone.

Much will depend on how European governments react [illegible] opportunity. The [illegible] is [illegible] placed to [illegible] com[illegible] advantages [illegible] of [illegible] relatively free telecommunications environment.

[illegible] other European [illegible] have yet [illegible] whether [illegible] follow [illegible] UK into [illegible] deregulation [illegible] use [illegible] the building [illegible] the necessary [illegible] infrastructure.

[illegible] prospects for mobile computer [illegible] in the second half of the 1990s, [illegible] selling notebooks, subnotebooks, laptops, palmtops, organisers or PDAs, look excellent.

Organisers [illegible] PDAs, though generating a [illegible] public interest, [illegible] still a very [illegible] market sector. Only [illegible] were sold [illegible] Europe in [illegible], compared with about [illegible] notebook computers, which [illegible] roughly 10 times as much. [illegible] the spread of [illegible] could turn organisers into a much more significant market.

[illegible] has a good [illegible] in [illegible] of [illegible] European [illegible] for organisers represents by [illegible] the largest share. [illegible] largely attributable to the strength [illegible] in [illegible] domestic market and the [illegible] the British are traditionally keen on gadgets of all [illegible].

[illegible] whether Psion will [illegible] capitalise on this success across Europe is uncertain. The German [illegible] French mar[illegible] by Sharp, though it [illegible] lost market share [illegible] Psion recently.

Meanwhile competition is rapidly intensifying. General Magic, [illegible] developer spun off from Apple, has just launched [illegible] Magic Cap system. This [illegible] described [illegible] graphical user interface software which can provide the basis for [illegible] range [illegible] palmtop or personal organiser applications, using wired or [illegible] messaging [illegible]ties. Shareholders in General Magic include Apple, AT&T, Motorola, Philips, Sony [illegible].

Another [illegible] threat to [illegible] position will come [illegible] Compaq [illegible] Microsoft, which are collaborating [illegible] launch a multi-function pen-based device, presently [illegible] Winpad. This will [illegible] leading [illegible] vendor [illegible] leading [illegible]sonal computer software [illegible] together [illegible] a [illegible] potentially very lucrative [illegible].

Compaq [illegible] the [illegible] in [illegible] computers in most European [illegible] in the past [illegible]. The market is much [illegible] uniform [illegible] Europe than that for organisers, enabling Compaq [illegible] from a strong marketing campaign, improved technology [illegible] lower prices.

It has leapt [illegible] of [illegible] main rival, Toshiba, [illegible] Europe to [illegible] around 20 [illegible] cent of [illegible] market compared [illegible] Toshiba's [illegible] per cent.

The German market has been enlarged by the entry of retail chains, such as [illegible] and Escom, selling their [illegible] low-priced machines. According [illegible] Mr Stephan Heinrich, product marketing [illegible] leading international distributor Computer 2000, until [illegible] year ago only large companies in Germany bought notebooks, mainly [illegible] their sales forces.

Now the market is beginning [illegible] spread to private users, [illegible] says. For this [illegible] Compaq has recently *followed the retailers* in advertising its notebooks on German television.

The French notebook market [illegible] by 30 [illegible] year, according to Mr [illegible]rice Brakha, managing director, France, fordistributor Merisel, compared [illegible] per [illegible] for [illegible] personal computer business as a whole.

Mr [illegible] says that [illegible] boosted by [illegible] models with larger memories, better graphics and longer-lasting batteries. "Mobile users need [illegible] things because for [illegible] these are tools, [illegible] toys," he explains.

Italy [illegible] the exception to the rule. Olivetti, Europe's only major indigenous notebook manufacturer, remains dominant there because of [illegible] word-of-mouth market, [illegible] is [illegible] susceptible [illegible] the marketing techniques [illegible] other European countries. [illegible] UK, France [illegible] Germany [illegible] therefore prove [illegible] to crack [illegible] computer vendors.

1994 [illegible] likely [illegible] see a rather [illegible] shift [illegible] purchases from desktop [illegible] to portables [illegible] Europe. The UK will probably [illegible] immediate prospect for vendors of both notebooks and organisers, as [illegible] Germany are set [illegible] in recession for at [illegible] next [illegible] months.

Next year [illegible] 1996 should [illegible] more rapid growth. The [illegible] opportunity is in Germany, but [illegible] market for organisers remains very small. [illegible] Germans remain very critical of these machines. Apple's Newton had [illegible] poor reviews in Germany, in which it [illegible] dismissed [illegible] toy.

[illegible] of organisers in France have also been *slow so far. The Apple Newton has* not yet reached the French shops, [illegible] it may do better in France than Germany, [illegible] Apple's desktop and notebook machines have proved very popular there and the French have shown great enthusiasm for graphical user interfaces.

If the Germans and the French [illegible] persuaded [illegible] buy organisers, Sharp [illegible] the [illegible] likely winner, with Apple benefiting from [illegible]. Sharp's own organiser incorporates some Apple technology [illegible] *manufactures the Newton for Apple.* Sharp also [illegible] joint [illegible] with several other technology developers.

■ BATTERY TECHNOLOGY

The pace may accelerate

As mobile electronics races ahead, batteries [illegible] revealed ever more clearly [illegible] the [illegible] heel of the portable computer. While processors, memories and [illegible] screens double [illegible] performance every two [illegible] three years, battery technology improves by perhaps 10 [illegible] per [illegible] over [illegible] same period.

Now that the electronics industry has [illegible] realise quite what an obstacle bat[illegible] are [illegible] progress, manufacturers [illegible] beginning [illegible] with battery [illegible]nies [illegible] force [illegible] pace of devel[illegible].

For example, Compaq recently announced a partnership with Duracell to develop standard-sized nickel-metal hydride rechargeable batteries [illegible] portable computers. [illegible] the integrated Japanese [illegible] companies, which manufacture batteries [illegible] well as computers and other mobile devices, [illegible] emerging as a particularly strong [illegible] of innovation in [illegible].

There is [illegible] good prospect that [illegible] higher priority now being given to batteries will lead over the next five years to [illegible] that pack much more energy into [illegible] smaller space [illegible] anything available today. Then manufacturers will [illegible] to design "sub-notebook" sized computers with power-hungry features such as colour [illegible] and built-in [illegible] drives.

[illegible] of [illegible] current [illegible]tion of portable computers were designed to run on throw-away alkaline batteries or rechargeable nickel-cadmium (NiCad) packs. They can [illegible]ally [illegible] three [illegible] five hours [illegible] operation before needing [illegible] be recharged – not enough to [illegible] much work on [illegible] intercontinental flight.

[illegible] was developed originally in the 1960s [illegible] is now getting close [illegible] limits of its potential performance. It is also environmentally suspect, since cadmium is [illegible] toxic metal which [illegible] contaminate groundwater if [illegible] cells are dumped in unsuitable landfill sites.

The leading [illegible] contend[illegible] replace [illegible] nickel-metal hydride (NiMH) [illegible] lithium ion (Lion). [illegible] originated in Japan and both are beginning to appear in upmarket portable computers. Last month, for example, IBM added [illegible] its ThinkPad sub-notebook computers, while Toshiba's T3400CT will be Lion-powered.

Lion [illegible] pack more usable energy into [illegible] given weight of battery than NiMH, but it [illegible] sensitive material and [illegible] good at delivering [illegible] relatively high power required for [illegible] drive. [illegible] observers expect both technologies to enjoy a good run at the expense of NiCad [illegible] the [illegible] few years, though the long-term future probably [illegible] with lithium-based systems. (For *electrochemical* [illegible] lithium is theoretically the best metal of all [illegible] in batteries.)

At the research stage, a particularly exciting prospect [illegible] the lithium polymer (LiPol) battery. This contains [illegible] solid plastic film [illegible] the electrolyte – the material that carries charge between [illegible] electrodes – instead of the liquid electrolyte used in today's batteries.

LiPol's energy output per gramme is likely [illegible] twice as good [illegible] Lion [illegible] six times bet[illegible] than NiCad. Another great advantage [illegible] that LiPol need not have the chunky shape [illegible] today's batteries. It [illegible] be produced equally well as flexible [illegible] than a millimetre thick, which can [illegible] cut [illegible] into whatever size and configuration best suits the appliance in question.

Many laboratories around [illegible] world are working on LiPol. They include the Japa[illegible] giants such [illegible] Sony, Californian start-ups such as Valence Technology, and universities such as St Andrews in Scotland.

While computer manufactur[illegible] wait for a breakthrough in battery technology, they are constantly taking steps to make the [illegible] of the batteries that [illegible] available, by reducing the power consumption of their products. An obvious example is the memory card used instead of [illegible] disk drive in sub-notebook computers.

Software-based power management systems also help to extend battery life, by sending the computer to sleep when the user is doing something else for a few minutes and then allowing him or her to resume [illegible] exactly the same point.

The chip makers [illegible] *playing* their part too, by developing special low-power low-voltage processors such as the Intel 486SL for portable applications.

Clive Cookson

Joia Shillingford looks at docking stations and the alternatives

Doing without a compromise

Mobile computing usually involves compromise. Either you sacrifice some of [redacted] of your desktop [redacted] you buy [redacted] large portable computer so heavy that [redacted] need [redacted] Sherpa to [redacted] it. Such computers are euphemistically known as transportables – computer speak for [redacted] transport.

[redacted] surprisingly, [redacted] market for transportables is dwindling. Market researchers Dataquest [redacted] in 1991 and [redacted] transportables [redacted] year in Europe compared with about [redacted] in [redacted] Mr Christopher Fell, [redacted] director [redacted] Dataquest's European [redacted] group, [redacted] that only [redacted] suppliers still make transportables (including IBM and Compaq) and the machines [redacted] mainly [redacted] very power-intensive scientific, technical [redacted] financial applications which involve number-crunching or high-resolution graphics.

☐ Docking stations. Most [redacted] do [redacted] need [redacted] level [redacted] power [redacted] they are [redacted] move. [redacted] they [redacted] when they are in [redacted] (such as large [redacted] links [redacted] printers and networks). One solution which involves very [redacted] compro[redacted] notebook [redacted]puter in conjunction with [redacted] "docking station". This [redacted] like [redacted] processing unit for [redacted] standard desktop PC but contains a [redacted] your portable.

Mr Lewis Schrock, [redacted] manager [redacted] Compaq UK, [redacted] "Using a docking [redacted] easy [redacted] slotting [redacted] VCR. [redacted] in [redacted] book and [redacted] works. There [redacted] no cables [redacted] connect." The docking [redacted] office [redacted] supply [redacted] computer network, so the [redacted] book becomes in effect a [redacted] top PC.

Docking [redacted] available from most major [redacted] suppliers including Apple, [redacted] Toshiba and Compaq. They [redacted] number of advantages:

☐ Convenience. Files do not have to [redacted] copied from portable to desktop machine [redacted] (which may be of different sizes [redacted] densities) [redacted] communications [redacted] They are stored [redacted] the notebook [redacted]puter's hard disk and can [redacted] the move or when the notebook [redacted] in [redacted] docking [redacted] Similarly, applications software such as [redacted] processing [redacted] not [redacted] to [redacted] copied onto two PCs.

☐ Features. Large colour displays [redacted] full-size keyboards [redacted] permanently [redacted] docking [redacted] (a [redacted] models [redacted] the [redacted] to the [redacted] own keyboard [redacted] screen). Docking [redacted] built-in expansion [redacted] and [redacted] ports to give [redacted] access [redacted] the company network and [redacted] peripherals [redacted] a printer. [redacted] they [redacted] provide extra storage.

☐ [redacted] The docking station [redacted] an easy way [redacted] *adding capabilities to* [redacted] *note*book PC when it is used in the office. Alternative methods [redacted] involve connecting [redacted] cables and reconfiguring [redacted]tem [redacted] time [redacted] return [redacted] *trip.*

But docking [redacted] also have [redacted] major drawback: [redacted] A docking [redacted] from Compaq [redacted] recommended [redacted] price [redacted] keyboards are [redacted] This [redacted] spend [redacted] £500 [redacted] to turn your notebook into [redacted] fully-fledged desktop PC.

Docking [redacted] are usually designed to [redacted] with note[redacted] by the [redacted] supplier and the full kit (notebook plus docking station, keyboard etc.) could [redacted] anything from £2,300 [redacted] £4,500.

This may [redacted] expensive than two desktop [redacted] (one [redacted] home, one for [redacted] but it [redacted] be cheaper than buying a notebook and [redacted] desktop for each mobile [redacted] Mr Stanley Monger-Godfrey, information technology director [redacted] Properties, says the docking station approach will [redacted] the company to equip [redacted] of [redacted] with portable machines.

☐ Cheaper options. [redacted] who find docking [redacted] expensive, there [redacted] several alternatives. For example, [redacted] are out [redacted] lot [redacted] docking [redacted] when they need [redacted] printers [redacted] network.

It [redacted] possible [redacted] buy slimmed-down docking sta[redacted] from [redacted] number of suppliers includ[redacted] NEC, Compaq [redacted] Elonex, [redacted] part [redacted] a modular [redacted] options [redacted] increasing [redacted] of notebooks. They are not as easy to use but can cost as little as £65 for [redacted] port *duplicator* – [redacted] *containing* [redacted] ports [redacted] plugs [redacted] PC [redacted] be [redacted] printers and peripherals.

Mr [redacted] Bianchini, of *Olivetti's product* [redacted] introducing expansion options [redacted] need for "expensive [redacted] cumbersome" docking [redacted] for [redacted] line of notebooks. [redacted] options [redacted] disks (which [redacted] notebook), [redacted] port duplicator, internal modem, and credit-card-sized expansion slot conforming [redacted] standard.

Despite [redacted] *alternatives, the* take-up of docking stations remains healthy if not spectacular. Compaq [redacted] 35 per cent of [redacted] high-end [redacted] sold with them. At Toshiba [redacted] figure [redacted] 30 [redacted] 40 [redacted] IBM [redacted] it now [redacted] docking [redacted] cent of its ThinkPad notebooks.

Mr [redacted] that the [redacted] on growth is lack of [redacted] "Very few people know how elegantly portable and desktop computing can be combined," [redacted]

[redacted] Computing Brief

The T4700CT [redacted] Toshiba's most advanced notebook to date, and combines power processing with multimedia capability

Notebook market

[redacted] from Page 1

[redacted] market [redacted] "settling down", although [redacted] expects "very good growth" [redacted] year.

As [redacted] matures, some clear [redacted] *have emerged in* [redacted] second-tier manufacturers [redacted] increasingly tough battle. One of the most striking [redacted] by Dataquest's quarterly figures [redacted] the past two years [redacted] been [redacted] resurgence of Compaq.

The [redacted] computer manufac[redacted] has overtaken [redacted] claim the [redacted] vendor [redacted] and has [redacted] building [redacted] signifi[redacted] lead – even though Tosh[redacted] been expanding its market [redacted] Dataquest's [redacted] quarter figures for Europe show Compaq with [redacted] per cent of the market compared [redacted] Toshiba's [redacted] per cent.

Aside from [redacted] Compaq's Conturas [redacted] of notebook computers, Mr Goldberg [redacted] US group [redacted] *from the preference* of corporate buyers in partic[redacted]lar [redacted] all their [redacted] from the same supplier – [redacted]thing Toshiba, which lacks desktop machines [redacted] its product *portfolio,* [redacted] match.

[redacted] component prices and fierce competition [redacted] prices tumbling and [redacted] markedly reduced [redacted] price premium commanded by notebooks [redacted] top counterparts.

Eighteen [redacted] typi[redacted] with an Intel [redacted] Ram and a [redacted] around [redacted] in [redacted] UK. Now, a [redacted] powerful [redacted] Intel's [redacted] processor with 4Mb [redacted] Ram, [redacted] hard [redacted] and [redacted] tracker-ball [redacted] style pointing under [redacted] can [redacted] bought *for* [redacted] £1,000.

Top-of-the-range [redacted] considerably [redacted] state-of-the-art colour [redacted]plays [redacted] such [redacted] PCMIA [redacted] communication.

Indeed, [redacted] of [redacted] main changes since [redacted] by Dataquest's [redacted] Goldberg [redacted] growing "stratification" of [redacted] "People are buying [redacted] the top or bottom ends of product ranges," [redacted] Corporate buyers in par[redacted] to buy top speci[redacted] machines [redacted] individual buyers [redacted] cheaper, [redacted]

[redacted] Lewis Schrock, Compaq's UK product marketing man[redacted] growing fragmentation of [redacted] market [redacted] going [redacted] a [redacted] of [redacted] targeted [redacted] segments [redacted] the market". [redacted] particular, he [redacted] manufacturers will produce [redacted] "families" *of* products built around [redacted] modular design, [redacted] emphasise "dif[redacted] prioritised [redacted] sets" [redacted] useability, [redacted] of mobility or upgradability.

*Some manufacturers includ*ing Elonex, [redacted] already producing highly modular and upgradable [redacted] interchangable components [redacted] pro[redacted] hard drives which they [redacted] to keep up with future technologies [redacted] provide [redacted] who share machines with [redacted] flexibility.

Other manufacturers [redacted] specific [redacted] applications. [redacted] ple, [redacted] T6600C portable [redacted] drive, [redacted]reo speakers, [redacted] key[redacted] and other [redacted] to make [redacted] presenta[redacted] while travelling [redacted] Canon's BN22 BJ [redacted] computer incorporates a bubble jet printer.

Many notebook computers are *second* [redacted] used by people on [redacted] move who also have [redacted] machines in the office. But a growing number [redacted] used as desktop replacements. [redacted] manufac[redacted] taken this dual function concept a stage further, developing "docking stations". These enable the portable to take advantage of such facilities as full-size screens and keyboards and connect [redacted] an office local area network.

Another innovation in portable computing over the past couple of years has been the arrival of pen-based "notepad" systems. [redacted] manufacturers have sought to combine the [redacted] pen systems [redacted] attractions of [redacted] keyboard. For example, [redacted] Grid Convertible [redacted] keyboard and penpad [redacted] Compaq [redacted] launched the [redacted]certo, [redacted] high performance [redacted]book [redacted] a [redacted] which doubles [redacted] pen pad.

Canon's BN22 Bubble Jet Notebook, launched last year, features a two-button trackball mouse to eliminate the need for a flat surface

Alan Cane on the growing market for subnotebooks

For those on the move

[redacted] market for subnotebook computers, roughly [redacted] of [redacted] sheet [redacted] A5 paper and weighing only a kilogramme or so, is rapidly becoming [redacted]

Only a handful of manufacturers yet produce [redacted] miniature versions of conventional computers but industry [redacted] for the sector are beginning to emerge and according [redacted] Alan Rogers, portable products [redacted] Olivetti in the UK: "It [redacted] going [redacted] happen".

One indication that the subnotebook market is more than [redacted] in the [redacted] the fact that Hewlett-Packard [redacted] the [redacted] Toshiba of Japan, a pioneer [redacted] computing, have both produced subnotebooks.

[redacted] Toshiba machine [redacted] launched late [redacted] year. It weighs two kilogrammes [redacted] has [redacted] 4.5 hours of battery life.

[redacted] is based [redacted] an 33 [redacted] microprocessor and [redacted] film transistor (tft) high resolution colour [redacted] At £3,150, [redacted] very expensive but it offers everything [redacted] larger [redacted] capable [redacted] in [redacted]

Olivetti of Italy was [redacted] pioneer in subnotebooks; [redacted] Quaderno, [redacted] than [redacted] was [redacted] kind. Small and light, [redacted] featured a non-backlit display [redacted] special software for writing notes, carrying out calculations and so on. Customers liked [redacted] concept and [redacted] design but [redacted] to [redacted] and the special [redacted] idiosyncratic. Nevertheless, according [redacted] Mr Rogers, Quaderno [redacted] frequently [redacted]liques.

[redacted] version, [redacted] Quad[redacted] 33, [redacted] larger [redacted] heavier [redacted] display and conventional PC [redacted] running [redacted] 3.1, Micro[redacted] Lotus Organiser, [redacted] novel [redacted] which displays through images [redacted] paper-based [redacted] on [redacted] computer [redacted] new machines [redacted]ful [redacted] well-featured, [redacted] have [redacted] idiosyncratic charm [redacted] the early Quadernos.

Tulip, [redacted] personal computer maker, [redacted] manu[redacted] a [redacted] about [redacted] size [redacted] Quaderno, [redacted] and conventional [redacted] It [redacted] being [redacted] by [redacted] Research, [redacted] market [redacted] consultancy, [redacted] information. Each night [redacted] information [redacted] the telephone lines [redacted] the company's central computer in London.

[redacted] distinguishes subnote[redacted] personal digital assistants and other tiny gad[redacted] they [redacted] systems [redacted] can still [redacted] regarded [redacted] personal computers. [redacted] are small, but display [redacted] full [redacted] lines [redacted] more [redacted] graphics. Touch typists may complain [redacted] the keyboards but they [redacted] all [redacted] keys found on larger machines. [redacted] mice [redacted] built [redacted] special cavity in the computer.

Mr [redacted] has [redacted] separate definition. He believes that [redacted] portable enough [redacted] be [redacted] or [redacted] to [redacted] used – rather in the manner of [redacted] dictation machine or a cam[redacted] By comparison, anybody carrying [redacted] notebook [redacted] to put it to [redacted]

Another key [redacted] the [redacted] of subnotebooks [redacted] the [redacted] peripherals which [redacted] be provided as standard PCMCIA cards. The size of a [redacted] card and only slightly thicker, PCMCIA technology [redacted] such devices [redacted] hard [redacted] drives, [redacted] modems and radio [redacted] – all in a [redacted] just [redacted] 10mm thick at most.

According to [redacted] US-based [redacted] Group, which tracks technology trends: "We believe the [redacted] standard will have the same impact on mobile computing [redacted] the 1990s that the AT [redacted] on desktop systems [redacted] the 1980s. [redacted] is, [redacted] will create a [redacted] platform for system [redacted] party vendors [redacted] develop [redacted] wide range of fully compatible peripherals, [redacted] software."

By 1997, Gartner says, some 60 per cent of all desktop, notebook and handheld systems shipped worldwide will have at least one PCMCIA slot – say, 40m systems.

As MAI's use of the Tulip device shows, business is not short of ideas for using subnotebooks. Within a few years, the notebook computer will be the system of choice for computing in the office; the subnotebook will be the machine for computing on the move.

FINANCIAL TIMES
COMPANIES & MARKETS
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IN BRIEF

Disney up with Aladdin's help

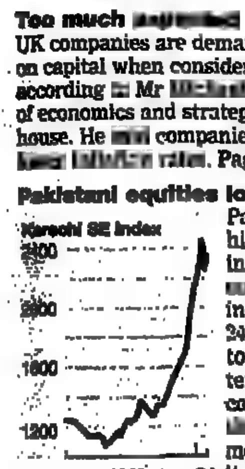
Strong US video sales of its the cartoon film *Aladdin* helped Walt Disney to a [illegible] per [illegible] in first-quarter [illegible] income. However, the company's results excluded [illegible] 49 [illegible] cent [illegible] in EuroDisney, the loss-making theme park near Paris. Page 18

Banks oppose Banesto rescue plan Spain's private banks [illegible] becoming increasingly opposed to making a large contribution to the rescue of Banco Espanol [illegible] Credito. [illegible] top five private [illegible] been asked to [illegible] proposals drawn [illegible] by Banesto's management. [illegible] 14

MCI and Banacci joint venture MCI Communications, the [illegible] long-distance telecommunications group, is joining forces with and Grupo Financiero Banamex-Accival (Banacci), [illegible]'s largest financial group, to offer long [illegible] telephone services in [illegible]. Page 16

Too much [illegible] of investments UK companies are demanding too high a return on capital when considering investment projects, according [illegible] Mr [illegible] Hughes, managing [illegible] of economics and strategy [illegible] BZW, the [illegible] house. He [illegible] companies had not adjusted [illegible]. Page 16

Pakistani equities lose [illegible]



Pakistani equities were hit with large-scale [illegible] in [illegible] three days ending [illegible] Monday, when [illegible] index dropped by [illegible] 248 points, or [illegible], to 2,202.21. Commentators termed [illegible] losses a "technical correction", predicting [illegible] market's three-month rally [illegible] regain its [illegible]. Page [illegible]

LVMH shares upset by Guinness deal [illegible] in LVMH, the [illegible] luxury goods group, [illegible] know why [illegible] company's shares dropped [illegible] it renegotiated its seven-year-old cross-shareholding agreement with Guinness, [illegible] UK [illegible]. Page [illegible]

Photo-Me's French buy Photo-Me International, [illegible] world's largest photo-booth manufacturer and operator, plans to pay £38m for a French [illegible] pose. Page 22

Results fail to knock down Domino [illegible] Printing [illegible], the Cambridge-based manufacturer of continuous ink jet printer, reported full-year figures shy of expectations yesterday. But [illegible] news did not stop shares from rising rose [illegible] to 465p. Page 23

[illegible] in black [illegible] one [illegible] the world's largest public relations companies, [illegible] to the black in the year [illegible] 31, with pre-tax profits of [illegible] compared with a loss of £2.5m. Page 23

Companies in this issue

Market Statistics

Chief price changes yesterday

FRANKFURT (DM)			
Rises			
Allianz	050	+	30
Bayer	363	+	10.5
BMW	686	+	16.5
Deutsche Bk	811.8	+	20.3
Porsche	844	+	14
Falls			
Goldschmidt	660	-	10
NEW YORK ($)			
Rises			
Am Express	32¼	+	2
Digital	31¾	+	1
Mylan Labs	24½	+	1¼
Falls			
IBM	55¼	-	2¼
Lotus Dev	57¼	-	1½
Wellfleet Comms	67¾	-	1¼
PARIS (FFr)			
Rises			
Lessor	[illegible]	+	17
GTM-Entrepose	547	+	14
Radiotechn	[illegible]	+	[illegible]
Seb SA	[illegible]	+	14
[illegible]			
Cr National	[illegible]	-	24
UAP	[illegible]	-	[illegible]
TOKYO (Yen)			
Rises			
Honshu Rubber	571	+	16
Mitsubishi Estate	1020	+	48
Obayashi	628	+	[illegible]
Sato Kogyo	790	+	24
Takasaki Paper	[illegible]	+	44
[illegible]			
[illegible]	552	-	7

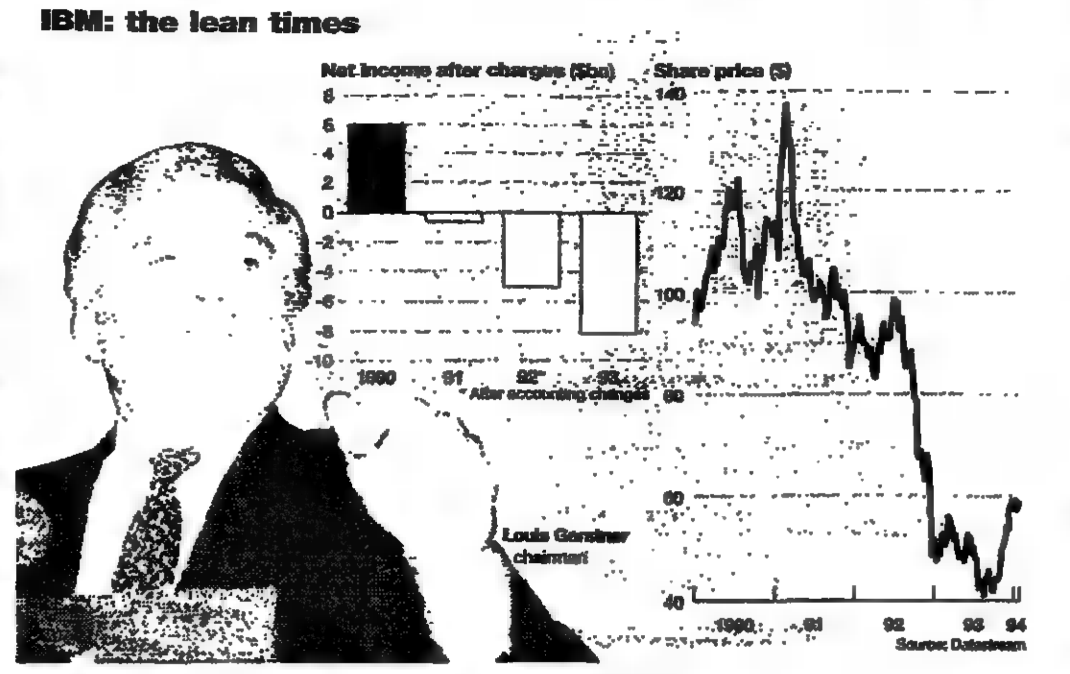
New York prices at 12.30.

LONDON (Pence)			
Rises			
Atris	40	+	4
Campari	64	+	6
Cetes Intl	114	+	7
Costain	38½	+	3
Danes Estates	24½	+	[illegible]
Domino Print	465	+	47
Ebrokbrook	111	+	13
Eurotunnel Uts	615	+	[illegible]
Fenner	136	+	8
Hamlet	178	+	8
Lonrho	153	+	5
Redline	33½	+	3½
Shanderck	35½	+	2½
BK Land	[illegible]	+	[illegible]
Falls			
Berry Birch	155	-	20
Dagu Motors	[illegible]	-	27
Hogg Group	152	-	15
Lec Refrig	273	-	15
London Intl	[illegible]	-	[illegible]
Menvier-Swain	[illegible]	-	30
[illegible]	44	-	[illegible]
Specsaveyes	14	-	[illegible]
[illegible]	1310	-	35
Boddington Gr	[illegible]	-	21½

IBM shares fall despite profit

By Louise [illegible] in [illegible] Francisco

IBM: the lean times



International [illegible] Machines reported a small profit for its fourth quarter, [illegible] tive quarters [illegible] losses. Yet with revenues and [illegible] profit margins continuing [illegible] decline, [illegible] results provided little evidence of a turnround by the world's larg[illegible] computer company.

[illegible] share price dropped sharply, trading [illegible] $55¾ (£36.6) [illegible] midday in [illegible] York, down from Monday's close of [illegible].

Fourth quarter earnings [illegible] $382m, or 62 cents a share, in line with analysts' expectations. In [illegible] corresponding period IBM recorded a [illegible] or 8 [illegible] a share, [illegible] pre-tax restructuring charges [illegible] $7.2bn which increased [illegible] losses to $5.5bn, or [illegible] share.

Revenues declined in the fourth quarter from $19.6bn [illegible] $19.4bn. However, computer hard[illegible] fell by 5.4 per [illegible] to $10.4bn. Revenue [illegible] in soft[illegible] maintenance and financing [illegible] by a [illegible] increase [illegible] service side, which rose to $3.2bn.

US [illegible] rose by [illegible] per cent, continuing [illegible] upward trend. [illegible] in Europe and Asia [illegible] decreases of 1 and 4 per [illegible] respectively.

[illegible] profit margins slipped by 1.1 percentage points to [illegible] per [illegible]. IBM [illegible] margins on hard[illegible] improved but [illegible] in services, the one growth area, [illegible] software and [illegible]nance.

Expenses were down 9 per cent, excluding restructuring charges but including [illegible] costs.

Research [illegible] development spending [illegible] by 20 [illegible] $1.5bn.

Analysts [illegible] results, although encouraging, [illegible] necessarily signal a [illegible] IBM. The [illegible] decline [illegible] disappointing [illegible] IBM typically did about 30 per cent of its [illegible] in [illegible] last quarter.

"IBM [illegible] profitable in the fourth quarter despite tough [illegible] environments in Europe and Japan," said Mr Louis Gerstner, who joined [illegible] chairman and chief executive last April.

The company was making [illegible] toward [illegible] goals: [illegible] return to profitability [illegible] develop a comprehensive set [illegible] and technology [illegible]gies in [illegible] of [illegible] units.

IBM said personal computer [illegible] strongly in [illegible] quarter [illegible] computer workstation [illegible] increased. However, [illegible] from [illegible] flagship mainframe computers and related disk drive products [illegible] did sales of [illegible] mid-range AS/400 computers.

[illegible] IBM reported a [illegible] loss [illegible] $8.1bn, or $14.02 a share, after restructuring charges. [illegible] $5bn, [illegible] $8.70, [illegible] an accounting change [illegible] restructuring charges. [illegible] for [illegible] $62.7bn, with non-US [illegible] 7.2 per cent [illegible] $37bn.

UK drugs group to cut 1,000 jobs

By Daniel Green

Fisons, [illegible] UK pharmaceuticals company, [illegible] cut 1,000 jobs from a total of 6,400 as part of a restructuring programme aimed [illegible] restoring [illegible] fortunes [illegible] the sacking [illegible] its chief executive and a collapse in profits.

[illegible] two-year programme, cost[illegible] £15m, will include partial closure of [illegible] company's main production site in Cheshire.

Mr Patrick Egan, chairman and acting [illegible], said some production [illegible] be [illegible] to France. There [illegible] "senior management changes [illegible] a flatter structure".

The restructuring [illegible] first big decision from the company [illegible] it [illegible] a profits warning on [illegible] – [illegible] the third in two [illegible] – which [illegible] it [illegible] only break [illegible] in [illegible]. City analysts had been expecting a pre-tax profit [illegible] about £100m. That day [illegible] marked the departure [illegible] Mr Cedric Scroggs [illegible] chief [illegible] and Mr Roy Thomas as finance director.

The restructuring will [illegible] a year [illegible]. It [illegible] the other main division, [illegible] equipment. "There will be [illegible] contribution [illegible] bottom line [illegible] year, but the full [illegible] will not be [illegible] until 1996," said Mr Egan.

He said there was "plenty of fat" to be cut in the company. "Along with other [pharmaceuticals] companies, [illegible] not [illegible] very much [illegible]. They've all had [illegible] easy."

The job [illegible] in all parts of [illegible] pharmaceuticals business.

The partial closure [illegible] Holmes Chapel site comes more [illegible] years [illegible] the US Food [illegible] Drug Administration banned the [illegible] of [illegible] products made [illegible] plant citing low [illegible].

"[illegible] of the [illegible] invested to improve the plant will [now] be wasted," said Mr [illegible]. A new plant will [illegible] built at the site as part of a £100m investment over four [illegible].

This will not prevent the [illegible]fer [illegible] the manufacture of a range [illegible] products to a [illegible] plant [illegible] Le Trait, [illegible] Rouen, Normandy, France. [illegible] French plant will make liquid products such [illegible] anti-allergy nasal [illegible] and eye drops. Le Trait's production [illegible] ampoules will [illegible] subcontracted to a US company.

Manufacture [illegible] asthma inhalers and other anti-allergy phar[illegible] will continue [illegible] Holmes Chapel.

Lex, Page 14

Bock wins control of Lonrho board

By [illegible] Peston,

Mr Dieter Bock yesterday won his most important victory in [illegible] battle against [illegible] chief [illegible]tive Mr Tiny Rowland for control of the Lonrho board [illegible] when the company announced that four of Mr Rowland's closest board room allies would retire.

The [illegible] also disclosed that profits from continuing operations [illegible] than dou[illegible] in the year to September 30 from £39m [illegible] to £79m.

It confirmed, however, that there had been a £186m fall in the value [illegible] two-thirds [illegible]ing in Metropole hotel properties, which represents a reduction of more than 50 [illegible] on [illegible] value put on the business [illegible] years [illegible] when Lonrho sold one-third of it to Libya.

As Mr Bock's victory [illegible] disclosed, Mr Rowland said [illegible] hos[illegible] between the two of them had ended. "There [illegible] no differences between Mr [illegible] and me. . . We will be acting as one," Mr Rowland said.

Mr Bock said: "I look forward to [illegible] least another [illegible] of our working closely together."

Mr Rowland [illegible] that Lonrho [illegible] recently considered acquiring a shareholding of 15-18 [illegible] in the hotels and leisure group, Ladbroke. Mr [illegible] said they had decided against [illegible] because such a minority stake would [illegible] have allowed them to exercise enough influence [illegible] Ladbroke.

However, he said Lonrho, having [illegible] of disposals [illegible] year, was [illegible] planning [illegible] acquisitions – though more asset [illegible] may still [illegible] made.

[illegible] of [illegible] retiring directors is Mr [illegible] Leclezio, [illegible] chairman, who is 74 and [illegible] worked for Lonrho for 29 years. Mr [illegible] said that [illegible] would be replaced by a non-executive chairman, who might [illegible] from outside the group or from one of the three non-executive directors, Mr Stephen Walls, Mr Peter Harper [illegible] Sir John Leahy, recruited to the board at the [illegible] of last year.

Overall profit before taxation, including gains on disposals, was £172m, up from £114m. Earnings per [illegible] were 15.1p, up 136 [illegible] cent, and a final dividend of [illegible] proposed, making 4p for the year, which is unchanged.

Observer, Page 13

GE lighting manufacture being moved to Hungary

By Nicholas Denton

General [illegible] of [illegible] is moving the manufacture of light[illegible] products to its Tungsram subsidiary [illegible] Hungary from plants in western Europe.

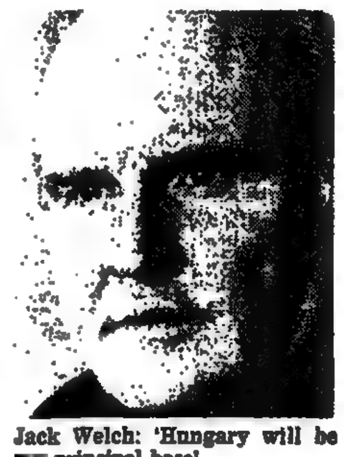
Mr Jack Welch, the group's [illegible] yesterday: "In [illegible] European manufacturing sense, Hungary [illegible] our principal [illegible]. There is no question."

GE is closing [illegible] its plant producing [illegible] light bulbs in Preston in the UK with [illegible] loss of [illegible] jobs [illegible] is in the [illegible] of transferring some of [illegible] machinery to Hungary.

[illegible] is part of [illegible] merger [illegible] own European lighting [illegible] with Tungsram [illegible] lighting [illegible] bought [illegible] in 1991.

[illegible] group is also winding down facilities [illegible] in the UK, [illegible] Ger[illegible], [illegible] assigning output [illegible] factories in Hungary.

While there have been several examples of German and Austrian manufacturers relocating production to [illegible] Europe to [illegible] costs, [illegible] is [illegible] clearest example involving the UK. GE is, however, maintaining its UK facilities at [illegible] and Leicester.



Jack Welch: 'Hungary will be [illegible] principal base'

The group's main competitors in the European lighting market have also sought out lower overheads in eastern Europe, with Philips, the Dutch electrical [illegible], investing in Poland and Germany's Osram in [illegible] Czech Republic.

[illegible] centred [illegible] Nagykanizsa production of compact [illegible] bulbs, [illegible] energy-efficient lighting [illegible] which [illegible] growing part of [illegible] market. [illegible] announced plans [illegible] $50m a [illegible] in Tungsram.

Underlying [illegible] commitment [illegible] manufacturing in Hungary, which [illegible] strong despite initial heavy losses, are sharp improvements in efficiency. GE [illegible] productivity [illegible] Tungsram [illegible] by [illegible] per cent in 1993.

"[illegible] are now well positioned with a productive, excited [illegible] empowered workforce that is [illegible] to be a major [illegible] in the whole of Europe," [illegible] Mr Welch.

Continuing productivity improvements, combined with an easing [illegible] Budapest government's exchange [illegible] policy, have allowed GE to hold relative labour costs steady for the first [illegible] since it entered eastern Europe.

The improvements in productivity are the key to [illegible] Lighting Europe's efforts to match Osram's pre-tax operating margin this year and draw level [illegible] Philips in 1995. GE [illegible] it sees Hungary [illegible] more than a low-cost manufacturing site.

Barry Riley

Time running out for the bond market bulls

[illegible] is [illegible] more than [illegible] months since the 30-year US Treasury bond yield hit a low of [illegible] per cent [illegible] bounced back up by half a percentage point. Recently the long bond yield [illegible] fluctuated quietly around [illegible]. Time [illegible] running out for the bulls who have counted [illegible] Treasuries [illegible] regain and [illegible] price peaks.

[illegible] recently there [illegible] a sharp break in the Japanese [illegible] market where the 10-year yield jumped from [illegible] per cent [illegible] cent in a few days in the [illegible] of this month. The latest on-off reflation package has upset the JGB market with [illegible] threat of massive extra borrowing although, in a funny way, [illegible] market [illegible] gain [illegible] comfort from [illegible] government's disarray, because the flood of paper [illegible] being postponed.

Together the [illegible] and Japan [illegible] for [illegible] cent of the capitalisation of the worldwide government bond market, [illegible] there [illegible] increasing evidence for calling the turn in the global bull market. European bonds, however, still have something going for them.

UK gilts [illegible] as though they [illegible] suffering something of the [illegible] January reaction [illegible] JGBs, but increasing optimism about a fall-off [illegible] the rate of issuance next year has allowed long gilt yields [illegible] claw their way back almost [illegible] December 31 lows. Today's auction of £2.?bn [illegible] 16-year gilt will give a clue [illegible] the robustness [illegible] demand.

As for the Continental [illegible]tries, they are lagging in the economic cycle and with short-term [illegible] rates having quite a way to fall, there is still scope for domestic money [illegible] shift into the [illegible] markets. All the [illegible] after dropping from 7¼ to 5½ per cent last year, the 10-year yield [illegible] German bunds does [illegible] have [illegible] that much further to go, and indeed has itself backed up a little this month.

The global deflation story which has [illegible] bond investors salivating looks rather tired now. Although [illegible] weakness of the [illegible] price [illegible] been holding down inflation, many other commodity prices have been picking up. [illegible] economic growth is slowly increasing now. Rapid expansion continues, in fact, in the emerging economies, which will soon be large enough to have a significant effect on commodity demand.

The latest on-off reflation package has upset the Japanese market

Central governments have been pumping large amounts of liquidity [illegible] the international economy. True, this infusion does [illegible] show up in the broad money figures, which indicate growth of only about 3 per cent averaged [illegible] the Group of [illegible]even economies. This is because the liquidity has disappeared into the booming securities markets and thereby largely into repayment of short-term corporate debt.

It is worth noting, though, that narrow money has recently been growing at an annual rate of 10 per cent in the US and 6 per cent in the [illegible] broad [illegible] growth, too, is now accelerating in [illegible] UK).

Eighteen months [illegible] a short-term interest [illegible] 3 [illegible] cent may have been justifiable [illegible] the US, but it is now inappropriate when this Friday's statistics [illegible] show that [illegible] GNP has recently been growing [illegible] 7 per [illegible] year-on-year. Inflation is, of course, steady; but it only responds [illegible] monetary acceleration with a time lag of something like two years.

However, having got here, [illegible] US [illegible] Reserve has [illegible] way back. A sharp hike in short-term interest rates might perversely cause a rapid accelera[illegible] in broad money growth as investors moved back into deposits, and unpredictable damage would be done to the value of long-term assets; equities would be vulnerable to a rising yield ratio. But a cautious edging up [illegible] rates might be little better, because investors would assume it was only a [illegible] for the [illegible] thing.

If the Fed persists with masterful inactivity it will remain in a comfortable position for the time being, perhaps for the rest of the year. But doing nothing will [illegible] be a soft option indefinitely; the US bond market will sweat increasingly [illegible] the inflationary implications for a [illegible] or two out.

But whatever [illegible] immediate effect [illegible] market sentiment of a rise [illegible] short-term rates, logically [illegible] anti-inflationary stance by the Fed will [illegible] in the medium [illegible] would [illegible] friendly advice [illegible] the Bundesbank, anyhow, if only it [illegible] be asked.

Swedish steel group back in black after cost cutting

By Christopher Brown-Humes in Stockholm

SSAB, the [illegible] steel [illegible] swung [illegible] a SKr776m ($96m) profit in [illegible] from a SKr165m [illegible] a year earlier, as the effects of cost-cutting and a weak krona helped [illegible] compen[illegible] for depressed market [illegible]ditions.

A stronger-than-expected [illegible] quarter profit of SKr421m meant the group was comfortably [illegible] to beat its November forecast of a SKr600m profit for the full year. A 40 [illegible] cent rise in [illegible] dividend [illegible] a [illegible] is proposed.

Mr Leif Gustafsson, [illegible] president, said: "We have shown we can [illegible] money in a very weak market. [illegible] course the weaker Swedish krona helped, but even more impor[illegible] was the streamlining of [illegible] steel business at the end of the 1980s and [illegible] efforts to cut costs."

The [illegible] Swedish cur[illegible] [illegible] krona prices for [illegible] group's products [illegible] per cent higher than in [illegible] helping to lift turnover by 9 per cent [illegible] SKr12.9bn. The group [illegible] it benefited from a slight [illegible] in demand in Sweden, even though steel consumption in [illegible] Europe [illegible] 8 per cent.

A continuing [illegible] meant operating [illegible] only 1.5 per cent to SKr11.6bn. Processing [illegible] [illegible] per cent lower and the workforce [illegible] cut by 5 per cent [illegible] 9,500.

SSAB [illegible] hoping for higher profits in [illegible]. It [illegible] demand to remain weak in [illegible] Europe. [illegible] during the first half, but anticipates higher profits from its Swedish activities due to increased demand from the engineering industry.

Warrants issued by the [illegible] in [illegible] as part of the privatisation of [illegible] have [illegible] be exercised by February [illegible] this year.

The exercise price [illegible] SKr170, compared with the company's closing [illegible] price yesterday of [illegible].

Swiss textile machinery group plans restructuring programme

By Ian Rodger in Zurich

Zellweger Uster, the Swiss textile machinery manufacturer, said it fell into [illegible] year because of the [illegible] recession in the world textile industry.

[illegible] group, whose earnings have been depressed since [illegible] announced a SFr45m ($31m) restructuring programme, with [illegible] redundancies expected [illegible] the spinning division in [illegible] first half of [illegible] year.

Zellweger Uster [illegible] the restructuring charges would expand the final [illegible] for [illegible] to about SFr55m, compared with net [illegible] in [illegible] of SFr2m.

Consolidated [illegible] last year reached [illegible]. The traditional divisions contributed [illegible] of [illegible] while Luwa, an associated [illegible] machinery company acquired fully last July, added SFr247.5m.

Orders [illegible] down in all important markets except [illegible] and margins [illegible] under heavy pressure.

At [illegible] pre-tax level, the [illegible] SFr5m compared with a profit of [illegible] in [illegible].

[illegible] group, in which the Bechtler family-owned [illegible] a majority stake, [illegible] it [illegible] aiming to reach break-even point [illegible] year, but [illegible] of a cost cutting programme would take full effect in [illegible].

Zellweger last paid a dividend on 1990 results, but [illegible] it expected [illegible] able to pay a dividend for [illegible].

[illegible] also announced a plan to split its [illegible] and registered [illegible] on [illegible] of five for every [illegible] held and [illegible] offer [illegible] of participation certifi[illegible] opportunity [illegible] swap [illegible] into [illegible] shares.

Baer Holding doubles income

[illegible] Rodger

[illegible] Holding, the Zurich-based banking group, [illegible] reported consolidated net income for 1993 of SFr147m ($100m), [illegible] than double the [illegible] earned in 1992.

Baer, which specialises in managing funds for institutions and wealthy individuals, [illegible] all areas of its business contributed [illegible] the 47 per [illegible] rise in operating income [illegible] SFr628m, but income from trading [illegible] especially buoyant.

Provisions for depreciation and [illegible] loans [illegible] raised [illegible] per cent to SFr77m, leaving pre-tax profit of SFr206m, [illegible] three times the SFr87m earned in [illegible].

Baer said its consolidated total [illegible] stood [illegible] SFr7.7bn at the year-end, [illegible] per cent higher than at the end of 1992. Shareholders' equity jumped [illegible] cent to SFr919m.

Client assets entrusted to the [illegible] group, excluding those for which only global custody service [illegible] provided, [illegible] up [illegible] per cent to SFr45bn. Net assets of Baer investment funds soared 74 per cent to SFr5.4bn.

The directors are recommending a [illegible] per cent rise in dividends [illegible] the bearer and registered shares plus a subscription right or option worth about twice the value of the dividends.

Bank Slaski soars in first day's trading

By Christopher Bobinski in [illegible]

Shares in Bank Slaski soared on [illegible] of trading in the group [illegible] 6.7m zlotys ($310), compared [illegible] price of 500,000 zlotys when [illegible] cent of the Polish [illegible] equity was sold to the public [illegible] November.

[illegible] month ING, the [illegible] bank, purchased a [illegible] per [illegible] in [illegible] Slaski [illegible] price, which represented a $57.1m investment. The [illegible] promised [illegible] hold the shares [illegible].

[illegible] closing price left [illegible]ers and small investors surprised. "I simply don't [illegible] where [illegible] is coming from," a financier commented.

There are now 23 stocks [illegible] on [illegible] Warsaw [illegible] Exchange with a [illegible] capitalisation [illegible] 149,183.5bn zlotys. Bank Slaski's [illegible] exchange [illegible] climbed [illegible] another record, up 6.1 [illegible] cent [illegible] 16,808.6, [illegible] turnover at 2,925bn zlotys.

[illegible] Kawalec, the deputy finance minister who is responsible [illegible] bank privatisation programme, noted, however, [illegible] yesterday's Slaski turnover accounted for a [illegible] 0.35 per [illegible] of the bank's equity. He [illegible] results of [illegible] Slaski [illegible] would be examined very carefully when choosing a strategy for the sale of [illegible] Przemyslowo Handlowy, [illegible] hopes [illegible] complete by [illegible] middle of [illegible] year.

Yesterday's share price gives [illegible] Slaski, which reported a [illegible] zloty net profit for [illegible] year, a price earnings ratio [illegible] 33.5, compared [illegible] an aver[illegible] of 32.8 for [illegible] other three [illegible] quoted on the exchange.

● Morgan Grenfell [illegible] opened [illegible] office in Warsaw. The UK-[illegible] merchant bank is advising [illegible] Polish government [illegible] sale of [illegible] tobacco industry [illegible] acted for AT&T when it bought the Telfa telecommunications plant recently. Mor[illegible] Grenfell's move to War[illegible] follows Schroder [illegible] Samuel Montagu, [illegible] both have local subsidiaries.

Bouygues hit by property losses

By John Ridding in [illegible]

Bouygues, France's largest construction [illegible] yesterday announced a sharp [illegible] in estimated net profits for [illegible] year, to [illegible] ($76m) from [illegible] as a result of [illegible] in [illegible] property division.

The company said the expected 34 per cent decline in profits, which [illegible] larger than most analysts had forecast, was caused by property losses of FFr150m. [illegible] other activities, in construction, media and engineering, [illegible] resisted the [illegible] of recession, increasing [illegible] profits slightly [illegible] FFr600m. [illegible] dividend was maintained [illegible] FFr16 [illegible] share.

The decline in property activities, which [illegible] profitable in [illegible] blamed on what the company described [illegible] worst downturn the [illegible] experienced. Bouygues' strong presence in the Parisian property market, [illegible] of [illegible] most seriously [illegible] by the downturn, [illegible] pounded the impact.

The weak state of [illegible] property market [illegible] also reflected in the level of sales in the division, which totalled FFr4.3bn last year, a fall of [illegible] from [illegible].

Bouygues [illegible] saw [illegible] immediate prospect of a [illegible]ery [illegible] property market and forecast another [illegible] decline in [illegible] this [illegible] to FFr3.3bn.

Group [illegible] fell to FFr59.7bn from FFr62.7bn. For 1994, [illegible] forecast turnover of just under FFr59bn, reflecting [illegible] decline in property sales.

Despite the fall in profits, industry analysts noted several encouraging factors in the performance. They [illegible] construction activities had performed well, and had benefitted from an upturn in activity in [illegible] second half [illegible] year. In [illegible] final quarter of [illegible], for example, [illegible] by 17 [illegible] over [illegible] previous [illegible] months.

The group's financial position is also strong, with its net cash position increasing [illegible] FFr1.2bn. Bouygues said that [illegible] financial resources would allow it "to seize without disrupting the balance sheet, opportunities for strategic investment".

[illegible] such investment is likely [illegible] be an [illegible] in its 25 per cent [illegible] in TF1, the French television [illegible].

Bouygues [illegible] also seeking to expand its activities in telecommunications. In particular, the group [illegible] for a third mobile telephone licence [illegible] awarded by the [illegible] government later [illegible].

GE shifts manufacturing to Tungsram

By Nicholas [illegible]

General Electric of the [illegible] moving the manufacture of lighting products [illegible] its Tungsram subsidiary in Hungary from plants in [illegible] Europe.

[illegible] Jack Welch, [illegible] group's chairman said yesterday: "In the European manufacturing sense, Hungary will [illegible] principal base. There is no question."

GE is closing down its plant producing incandescent light [illegible] in Preston [illegible] the UK with the loss of 330 jobs [illegible] in [illegible] process of transferring [illegible] of the machinery to Hungary.

[illegible] rationalisation is part [illegible] merger of [illegible] own European lighting business with Tungsram and the lighting interests bought from Thorn-EMI in [illegible].

The group [illegible] also winding down [illegible] in Wimbledon in the UK, and in Austria [illegible] Germany, and assigning output [illegible] factories in Hungary.

While there have [illegible] several examples of German and Austrian manufacturers relocating production [illegible] Europe to [illegible] high costs, GE's [illegible] clearest example involving [illegible] UK. [illegible], however, maintaining [illegible] and Leicester.

The group's main competi[illegible] in the European lighting [illegible] have [illegible] sought [illegible] lower overheads in [illegible] Europe, with Philips, [illegible] Dutch electrical [illegible] investing in [illegible] Germany's Osram in [illegible] Republic.

GE [illegible] it had centred in Nagykanizsa production of compact [illegible] the energy-efficient lighting source which [illegible] fastest growing part of [illegible] market. GE announced plans to invest [illegible] a year in Tungs[illegible].

Underlying GE's commit[illegible] to manufacturing in Hun[illegible], which [illegible] strong despite [illegible] heavy losses, are sharp improvements in efficiency. GE [illegible] productivity [illegible] Tungsram [illegible] by [illegible] per [illegible] in [illegible].

"We are now well positioned with a productive, [illegible] and empowered [illegible] going [illegible] a [illegible] in [illegible] of Europe," said Mr Welch.

Continuing productivity improvements, combined with an [illegible] of the Budapest government's exchange rate policy, have allowed GE to hold [illegible] labour [illegible] steady for the first time since it entered [illegible] Europe.

The improvements in productivity [illegible] the key to GE Lighting Europe's [illegible] match [illegible] pre-tax operating margin this [illegible] and draw level with Philips [illegible].

GE [illegible] Hungary [illegible] a low-cost manufacturing [illegible]. The [illegible] Hungary a [illegible] for lighting research, [illegible] nearly as many engineers employed in Budapest as in GE headquarters in Cleveland. "Pound for pound they are every bit as good," said Mr Welch.

UK expects 'too high' return on capital

By Maggie Urry in London

[illegible] companies are demanding [illegible] high a return [illegible] capital when considering investment projects, according to Mr Michael Hughes, managing director of economics and strategy at BZW, [illegible] securities house.

[illegible] comments accompany yesterday's publication of BZW's annual equity-gilt study, which looks at returns [illegible] UK shares, government bonds [illegible] cash since 1918.

Mr Hughes said companies had [illegible] adjusted to lower infla[illegible] rates [illegible] appraisal of capital spending. Typically, he added, they expected returns of 20-25 per cent, but they [illegible] looking at a return of 10-15 per cent before inflation. If they did, then investment could [illegible] significantly.

The real return [illegible] equities from [illegible] end of 1993 [illegible] 7.9 [illegible] a [illegible] average, [illegible] Hughes explained.

[illegible] estimates [illegible] real [illegible] of equity capital to have been 7-10 per cent on [illegible] and sees 8 per cent [illegible] a benchmark.

Assuming a future inflation rate of about 3½ per cent, a nominal return of 10-15 per cent would allow companies approximately [illegible] cover [illegible] cost [illegible] capital.

The study [illegible] suggested that UK shares, which produced a total [illegible] in [illegible] modestly over-valued compared [illegible] a model of equity valuation [illegible] dividend yield [illegible] expected growth [illegible].

This [illegible] a long period of undervaluation between [illegible] while [illegible] to 1982 equities moved much in line with [illegible] model.

Mr Hughes said that the shift to being overvalued in 1993 did not signal [illegible] end to the bull market. From 1958 to 1972 equities were overvalued to a much greater extent.

There were two key conditions for equities to be re-rated, both of which held at present, Mr Hughes said. These were a stimulative monetary policy and profits rising as a proportion of gross domestic product. If these persisted, he said, equities should remain overvalued and could become more over[illegible].

Gilts marginally outperformed equities in [illegible], producing a return of 28.4 per cent, and making gilts the winner in three of the past five years.

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REPUBLIC NATIONAL BANK OF NEW YORK

A SUBSIDIARY OF REPUBLIC NEW YORK CORPORATION

[illegible] Statements of Condition

(Dollars in thousands)

[illegible]	December 31, 1993	December 31, 1992
[illegible]	$ 591,112	$ 433,264
[illegible]st-bearing deposits with banks	5,174,561	10,346,583
Precious [illegible]	1,102,664	412,105
Securities [illegible] to maturity	902,903	[illegible]
Securities [illegible] for [illegible]	9,857,210	320,113
Total investment [illegible]	10,760,113	9,849,947
Trading [illegible]	1,136,760	837,597
Federal funds sold [illegible] securities purchased under resale agreements	2,743,692	1,355,274
Loans, net of unearned income	5,425,719	3,959,358
Allowance for [illegible] loan losses	(233,124)	(175,990)
Loans (net)	[illegible]	[illegible]
Customers' liability on acceptances	1,134,294	1,611,531
Premises and equipment	300,246	[illegible]
Accounts receivable and accrued interest	634,213	444,104
Investment in affiliate	625,333	[illegible]
Other assets	328,455	148,493
Total assets	$29,726,038	$29,874,032

Liabilities and Stockholder's Equity	December 31, 1993	December 31, 1992
Noninterest-bearing deposits: In domestic offices	$ 1,069,325	$ 962,600
In foreign offices	146,431	[illegible]
Interest-bearing deposits: In domestic offices	4,255,497	4,276,544
In foreign offices	13,694,638	12,480,779
[illegible] deposits	19,165,891	17,900,185
Short-term borrowings	2,870,290	4,897,401
Acceptances outstanding	1,137,636	1,616,964
Accounts payable [illegible] accrued expenses	1,321,915	[illegible]
Other liabilities	152,648	100,672
Long-term debt	2,257,847	2,002,497
Subordinated long-term debt, primarily with parent	580,940	581,174
[illegible] Equity:		
Common stock, [illegible] value: [illegible] authorized; [illegible] outstanding	355,000	[illegible]
Surplus	1,160,438	1,160,661
Retained earnings	511,851	[illegible]
Net unrealized gain on securities [illegible] for sale, [illegible] taxes	211,584	–
[illegible] stockholder's equity	2,238,871	1,906,579
[illegible] equity	$29,726,038	$29,874,032
Letters [illegible]	[illegible] 1,461,452	[illegible] 1,478,445

The portion of the investment in precious metals not hedged by forward sales was $24.8 million and $14.9 million in 1993 and 1992, respectively.

REPUBLIC NEW YORK CORPORATION

Summary [illegible]
(In [illegible] per share [illegible])

	Twelve Months Ended December 31, 1993	Twelve Months Ended December 31, [illegible]	Three Months Ended December 31, [illegible]	Three Months Ended December 31, 1992
[illegible] income	$ 301,205	$ 258,883	[illegible]	$ 66,828
[illegible] on [illegible]	$ 56,746	$ 52,256	$ 14,230	[illegible] 13,087
Per common [illegible] Net income: Primary	$ 5.20	$ 4.42	$ 1.38	[illegible] 1.14
Fully [illegible]	$ 5.05	$ 4.32	[illegible] 1.34	[illegible] 1.11
[illegible]	$ 1.08	$ 1.00	$ .27	$ .25
Average common shares outstanding: Primary	52,466	52,204	52,690	52,346
Fully diluted	56,321	56,020	56,525	56,181

World Headquarters: Fifth [illegible] Street, [illegible] York, [illegible]
(34 [illegible] in [illegible]attan, Bronx, Brooklyn, Queens and Westchester & Rockland counties)
[illegible] System/Member Federal Deposit Insurance Corporation/Member New York Clearing House Association
[illegible] YORK • GENEVA • TOKYO • LONDON • ZURICH • LUGANO • LUXEMBOURG • PARIS • MONTE CARLO • GIBRALTAR • [illegible] • GUERNSEY
[illegible] • MIAMI • LOS ANGELES • BEVERLY HILLS • NASSAU • [illegible] • MONTREAL • TORONTO • [illegible] KONG • [illegible]
JAKARTA • BEIJING • SYDNEY • PERTH • MONTEVIDEO • PUNTA DEL ESTE • BUENOS AIRES • SANTIAGO • MEXICO CITY • CAR[illegible] • RIO DE [illegible]

NOTICE OF [illegible] TO [illegible] OF

Woodside Financial Services Ltd.
(Incorporated in the State of Victoria)

Guaranteed Floating [illegible] Notes due February [illegible] (the "Notes")

Unconditionally Guaranteed [illegible] payment of Principal and Interest by

The Industrial Bank of Japan, Limited
(the "Guarantor")

[illegible] IS [illegible] GIVEN that, pursuant to Condition 6(b) of the Notes, Woodside Financial Services Ltd. (the "Issuer") has elected to exercise its option [illegible] redeem on 28th February, [illegible] (the "Redemption Date"), [illegible] of the outstanding Notes in total principal outstanding of U.S. [illegible] the Redemption Price of 100% of their principal amount together with interest accrued to the Redemption Date (the "Redemption Price"). Commencing [illegible] the Redemption Date, [illegible] Redemption Price will be paid to the holders of the Notes [illegible] surrender of their Notes in [illegible] manner provided in the Conditions [illegible] the Notes [illegible] the offices of the following Paying Agents:

The Industrial Bank of Japan Trust Company
One State Street, SC-1 Level
New York, New York 10004
(for principal payment only)

The Industrial Bank of Japan, Limited, [illegible], One Friday Street, London EC4M 9JA
The Industrial Bank of Japan (Luxembourg) S.A., 6, rue Jean Monnet, P.O. Box [illegible], L-2010 Luxembourg
Industriebank von Japan (Deutschland) A.G., Niedenau 13-19, 6000 Frankfurt/Main
Swiss Bank Corporation, 1 Aeschenvorstadt, 4002 Basle, [illegible]
Morgan Guaranty Trust Company of New York, Avenue des Arts 35, B-1040 Brussels, Belgium
Morgan Guaranty Trust Company of New York, 14 Place Vendome, [illegible] Paris, France

[illegible] Notes should be presented for payment together with [illegible] coupons appertaining thereto maturing on or after 31st May, [illegible]. All unmatured coupons relating [illegible] the [illegible] (whether or [illegible] attached) shall become void and no payment shall be made in respect [illegible]ereof. Where any Note is presented for redemption without all unmatured [illegible] relating thereto, payment [illegible] be made only against provision of [illegible] indemnity as the Issuer and the Guarantor shall require. If any [illegible] presented for redemption at the above specified [illegible] of [illegible] Paying Agent in New York City principal only will [illegible] paid. Interest on the [illegible] will cease to accrue thereon from 28th February, [illegible]. The [illegible] 28th February, [illegible] should be detached and surrendered for payment in [illegible] usual [illegible]. Notes and coupons will become void unless presented for payment within periods of [illegible] years [illegible] 5 [illegible] respectively from [illegible] Relevant Date (as [illegible] in Condition 8 of the Notes).

Payment pursuant to the presentation of [illegible] Notes for redemption within New York City, [illegible] other payment made within [illegible] United States, including a payment made by transfer [illegible] a United [illegible] dollar account maintained by the payee with a bank in the United States, may be subject to reporting to the United [illegible] Internal Revenue Service (IRS) and to backup withholding of 31% of the gross proceeds if a payee fails to provide the paying agent with an executed IRS Form W-8 in the case of a non-U.S. person [illegible] an executed IRS Form W-9 in the case of a U.S. person. Those holders who are required to provide their [illegible] taxpayer identification number and who fail to do so may also be subject to an IRS penalty of U.S. $50. Accordingly, [illegible] provide all appropriate certification when presenting the N[illegible] for payment, if applicable.

THE INDUSTRIAL [illegible] TRUST [illegible]
as Principal Paying Agent
[illegible] 26th January, [illegible]

BANK OF [illegible]
US$150,000,000
Floating rate notes 1994

Notice is hereby given that the rate of interest relating to the above issue has been fixed at 5.25 per cent for the period 26 January 1994 to 26 April 1994.

Total interest payable on 26 April 1994 will amount to US$265.42 per US$10,000 note and US$6,635.42 per US$250,000 note.

Agent: Morgan Guaranty [illegible] Company

JPMorgan

European Coal and Steel Community
¥11,200,000,000
Floating [illegible] 2001

[illegible] hereby [illegible] for the interest period 26 January [illegible] 26 July [illegible] of 2.80% per annum. [illegible] payable [illegible] 26 July [illegible] ¥1,407,778 per ¥100,000,000 note.

Agent: Morgan Guaranty Trust Company

JPMorgan

NOTICE OF OPTION TO REDEEM
To the Holders of

TURKIYE CUMHURIYETI
(THE REPUBLIC OF TURKEY)
(the "Republic")
US$200,000,000
11 ½ per cent. Bonds due 1999
(the "Bonds")

NOTICE IS HEREBY GIVEN to the holders of the [illegible] by the Republic that pursuant to Condition 6 of the Bonds and to the [illegible] Agency Agreement dated as of April 27, [illegible], the [illegible] of the Bonds may elect to have [illegible] Bonds redeemed by the Republic on April 27, 1994, (the "Redemption Date"), at [illegible] principal amount together with interest accrued to the [illegible] of redemption. To exercise [illegible] option the [illegible] must deposit such Bond, together with all Coupons relating to it which mature after the date fixed for redemption, with [illegible] Paying Agent (in the [illegible] of Bearer Bonds) or [illegible] Registrar or any Transfer Agent (in the case of Registered Bonds) together with a duly completed redemption [illegible] in [illegible] form obtainable from any of the Agents, [illegible] more than 60 [illegible] less than 30 days prior to the relevant date. [illegible] Bond so deposited may be withdrawn (except as provided in [illegible] Agency Agreement) without the prior [illegible] The Republic. In the case of a Bearer Bond payment will [illegible] by a US dollar check drawn [illegible] by transfer to a US dollar [illegible] maintained by the [illegible] with, a bank in New York City upon presentation and surrender of the Bond together with all Coupons appertaining thereto at the [illegible] of the Paying Agents listed below. Payments of principal on a Registered Bond will [illegible] by US [illegible] check drawn on, or by transfer to a US dollar [illegible] maintained by the payee with, a bank [illegible] New York City against presentation and surrender of such Registered Bond at [illegible] office of [illegible] Registrar as specified below. Interest [illegible] Registered Bonds [illegible] be paid to the persons shown on [illegible] fifteenth day before the due date for the payment of interest (the "Record Date"). Payments of interest on each Registered Bond will be made by [illegible] dollar check drawn [illegible] a bank in New York City and mailed [illegible] the [illegible] (or [illegible] first-named of joint [illegible]) of such [illegible] at [illegible] address appearing [illegible] the register [illegible] by the Registrar. Upon application by the holder [illegible] the specified office of [illegible] Registrar or any Transfer Agent not [illegible] than [illegible] days before [illegible] interest in respect of a Registered Bond, [illegible] payment may [illegible] made by transfer [illegible] a US dollar [illegible] maintained by the payee with a bank in New York City.

FISCAL AGENT

Morgan Guaranty Trust Company [illegible] New York
P.O. [illegible] 161, 60 Victoria Embankment
London EC4Y 0JP, England

PAYING AGENTS

Morgan Guaranty Trust Company of New York, Avenue des Arts 35, B-1040 Brussels, Belgium
Swiss Bank Corporation, Aeschenvorstadt 1, CH-4002 Basle, Switzerland
Banque Paribas Luxembourg, 10A Boulevard Royal, L-2093 Luxembourg

REGISTRAR

Morgan Guaranty Trust Company [illegible] New York
Basement A
55 Exchange Place
New York, N.Y. [illegible]

TURKIYE CUMHURIYETI
(THE REPUBLIC OF TURKEY)

By: Morgan Guaranty Trust Company of New York as Fiscal Agent
Dated: January [illegible]

US drugs groups hit by pressure from buyers

By Richard Waters in New [redacted]

Merck and Warner Lambert, two [redacted] the US's biggest drugs groups, reported a slow-down in sales of pharmaceuticals in the final quarter of last [redacted], reflecting the growing pressure from large buyers in the US and governments [redacted] drug [redacted].

Merck reported [redacted] 6 per cent rise in sales [redacted] final quarter, [redacted] $2.7bn, before the effects [redacted] the [redacted] of [redacted] Medco drug distribution [redacted] in [redacted] and the sale of [redacted] group's Calgon division.

The strength [redacted] the [redacted] dollar also held back [redacted] growth [redacted] sales, which would otherwise have been [redacted] per cent in the period, [redacted] Mr Roy Vagelos, chairman and chief executive.

Merck said that [redacted] for [redacted] year, [redacted] 6 [redacted] $10.2bn excluding Medco, [redacted] by "government cost control actions, primarily in Germany, strong competition in the US and the slowing growth in the cholesterol-lowering market, particularly in [redacted] US".

[redacted] it added that it had seen "strong unit [redacted] gains" in several new products.

For the quarter, [redacted] income [redacted] a share, from [redacted], a year earlier. Without the earnings dilution [redacted] Medco acquisition, earnings per share in the [redacted] quarter would [redacted] 62 cents.

Post-tax profits for [redacted] full year, before accounting changes, were [redacted] or $1.87, down 11 per [redacted] from the [redacted] although [redacted] restructuring charges and [redacted] of [redacted] they [redacted] 11 per [redacted] ahead, at $2.7bn.

Warner Lambert [redacted] 7 [redacted] fall in pharmaceutical sales last year, to $2.1bn, 3 per [redacted] of which [redacted] accounted for by the strength of the dollar.

The results [redacted] hit by [redacted] ruling from US regulators that forced the company [redacted] temporarily its manufacturing operations in Puerto [redacted] leading [redacted] lost [redacted] of $135m.

[redacted] in Warner Lambert's consumer products [redacted], on the other hand, rose 11 per cent during the year, with an 18 per [redacted] growth [redacted] outside the US, [redacted] per cent [redacted] adjusting for exchange [redacted].

Warner Lambert reported [redacted] net loss for [redacted] fourth quarter [redacted] $197m, [redacted] previously [redacted] after-tax restructuring charge, compared with [redacted] profit $138m profit, [redacted] $1.02, [redacted] before.

For the [redacted] whole, [redacted] income before accounting changes [redacted] $2.45, [redacted] total [redacted] charges [redacted] the year of [redacted] against [redacted] $4.78, in [redacted].

'Aladdin' pushes Walt Disney ahead 34% in first quarter

By Martin Dickson in New York

Walt Disney, the US [redacted] company, yesterday reported [redacted] cent increase in first-quarter [redacted] income, powered by strong [redacted] video sales [redacted] hit [redacted] film *Aladdin*.

However, [redacted] results excluded [redacted] investment [redacted] Euro Disney, [redacted] loss-making theme park [redacted] Paris which [redacted] about [redacted] start full-scale negotiations with its banks over [redacted] re-*financing package*.

[redacted] Disney [redacted] included Euro Disney [redacted] it took a [redacted] charge last November [redacted] fully against receivables due to it from [redacted] park [redacted] provision *of limited and temporary funding* to the business until the end of March.

The treatment underscores Wall [redacted] expectations [redacted] Walt Disney will [redacted] tough line in negotiations with [redacted] Disney's creditors and will insist it will not provide funding beyond [redacted] 31. If [redacted] refinancing were [redacted] agreed by then, the park could close.

Walt Disney reported net [redacted] 68 [redacted] a share, compared with [redacted] cents, [redacted] accounting changes in [redacted] quarter of [redacted] year.

[redacted] 11 per [redacted] $2.7bn. *Operating income was* [redacted] $624.4m.

The [redacted] performance [redacted] from [redacted] entertainment business, which [redacted] operating income rise [redacted] cent [redacted] on [redacted] $1.4bn.

This [redacted] mainly to [redacted] success of [redacted] film *Aladdin* in video [redacted] US market, [redacted] in cinemas [redacted] international markets.

Another [redacted] inter-[redacted] release of *Jungle Book*.

Disney's theme parks [redacted] operating income rise only 1 per [redacted] $138m, on [redacted] at $769m.

The company said [redacted] increase [redacted] occupied room nights at [redacted] Florida resorts and [redacted] growth [redacted] capita spending had contributed to [redacted] higher results, [redacted] been partly offset by slightly lower theme park attendance, due to the [redacted] in international tourism.

The [redacted] products segment [redacted] operating income rise 17 [redacted] per cent ahead ahead [redacted].

Northern Telecom back in the black

[redacted] in Toronto

Northern Telecom returned [redacted] *profitability* [redacted] *the fourth* quarter [redacted] year, [redacted] telecommunications equipment [redacted] maker dampened the good news [redacted] warning [redacted] it would slip back into [redacted] in [redacted] early part of 1994.

Following [redacted] consecutive quarterly losses, Northern posted fourth-quarter net earn-*ings of* [redacted] or [redacted] cents [redacted] share, [redacted] from $256m, [redacted] $1.02, [redacted] year earlier.

Revenues dipped by 3.3 per [redacted] with strong growth in Europe [redacted] by [redacted] in Canada [redacted] other [redacted] markets. [redacted] central [redacted] were flat, [redacted] sales of [redacted] transmission products [redacted] sharply down.

Fourth-quarter orders were virtually unchanged from [redacted] year earlier, [redacted] the year-end order backlog of $4.82bn was [redacted] cent higher.

Northern has [redacted] turmoil by [redacted] loss of mar-[redacted] switch business, delays [redacted] *bringing fibre-optic trans-*[redacted] products to market, [redacted] slow start in [redacted] phone technology.

Mr Jean Monty, [redacted] spearheaded [redacted] shake-up since taking [redacted] chief executive early [redacted] year, said *the* restructuring plan begun [redacted] will [redacted] 18 [redacted] complete. As [redacted] result, "we will [redacted] profitability [redacted] we [redacted] through [redacted] year".

An operating loss is expected in [redacted] first quarter, [redacted] combination of pricing pressures, unfavourable product [redacted] seasonally lower volumes [redacted] Monty expressed [redacted] hope that [redacted] lower [redacted] strengthened portfolio of products would [redacted] in the year.

[redacted] singled out wireless [redacted] *radio products* [redacted] be launched in the [redacted] quarter, and rising sales of central office software in the second half.

Ms Hilary Mine, an analyst with Northern Business [redacted]mation in Portland, Oregon, predicted that "in [redacted] long [redacted] you'll see them come [redacted] *major player*".

Ms Mine said she was impressed by new switching software unveiled last autumn, [redacted] by its growing focus on operations [redacted] America.

The contribution of offshore markets grew [redacted] 29 per cent of revenues last year [redacted] 26 [redacted] 1992. Northern [redacted] losses of $878m, or $3.54 [redacted] share, for 1993 [redacted] due largely [redacted] restructuring and other charges totalling $1.16bn.

Lehman's world turns full circle

Richard Waters considers the prospects for the firm after its spin-off

For Lehman Brothers, the world will [redacted] full circle in April. [redacted] exactly [redacted] years since [redacted] then-private investment banking firm, [redacted] by rivalries [redacted] its partners, was sold [redacted] American Express. It is also likely [redacted] *be the month* [redacted] card group spins off Lehman Brothers again, replete with $1.25bn of new capital to enable [redacted] become an independent company.

The demise of the old Lehman Brothers Kuhn Loeb in 1984 [redacted] one of Wall Street's greatest dramas. Its sale, after [redacted] *years as a private firm*, was triggered by [redacted] power-struggle at the top of the firm, setting [redacted] a chain-reaction of rivalries between Lehman's 44 partners.

For American Express, it represented [redacted] way, along [redacted] the acquisition of the Shearson retail broking firm, [redacted] expand into businesses which [redacted] projected – rightly – [redacted] become among the financial industry's biggest profit-earners.

Yet the credit card [redacted] was never able to generate [redacted] same profits [redacted] others in [redacted] industry, and [redacted] been bent [redacted] selling businesses [redacted] past two years to shore up [redacted] credit card and other [redacted] finance businesses.

Lehman's new freedom emerged late [redacted] Monday, [redacted] American Express announced [redacted] would spin off [redacted] company [redacted] group's shareholders in the form of [redacted] tax-free dividend, expected to be completed in April.

To gain a single-A rating from credit rating agencies, [redacted] for any financial com-[redacted] which [redacted] large inventory [redacted] and other securities [redacted] finance. Lehman's capital base [redacted] being boosted with $1.25bn [redacted] capital, $1.09bn provided by American Express and [redacted] by Lehman's employees.

The Lehman set [redacted] emerge from under American Express's wing is in [redacted] ways [redacted] the Lehman [redacted] 10 years [redacted] although it [redacted] considerably larger. It has always [redacted] primarily as [redacted] investment banking firm, known for [redacted] underwriting and corporate advisory work, rather than as [redacted] trading [redacted].

Yet Lehman had [redacted] building [redacted] trading [redacted] in [redacted] and money markets [redacted] American Express – [redacted] by Mr [redacted] Fuld, [redacted] firm's current president and chief executive.

The firm continues [redacted] known mainly [redacted] banking work, although trading [redacted]. Last year, while investment banking income [redacted] steady 19 [redacted] cent, to [redacted] trading [redacted] soared by 47 [redacted] cent, to $1.6bn.

The challenge facing Leh-[redacted] profitability [redacted] position [redacted] "bulge [redacted]" [redacted] banks [redacted] investment banking [redacted] US [redacted] internationally.

Harvey Golub: Amexco chief [redacted] Lehman [redacted] overcapitalised

Judged by its projected equity capital base, Lehman looks [redacted] be firmly in [redacted] leading [redacted]. [redacted] $1.25bn injec-[redacted] will catapult [redacted] league, giving it total capital [redacted] $3.3bn.

At that level, it may not stand exactly shoulder-to-shoulder with giants like Merrill Lynch (which had $4.6bn of equity [redacted] year ago, a figure which is likely to have risen considerably since) and Salomon ($4.3bn). [redacted] it still [redacted] one [redacted] long [redacted] 1991, [redacted] equity base was a mere $1bn.

The extra capital is a mixed blessing. Even with its smaller equity base, Lehman's [redacted]ings last year – $376m after tax, leaving aside one-off items – gave it a lower return on capital than most of its rivals. With the swollen equity [redacted] return [redacted] capital will look weaker still - just [redacted] cent post-tax, based on last year's earnings, a scant return for a securities firm during what is widely seen as the peak of the market.

American Express chairman Mr Harvey Golub certainly believes that the requirements of the rating agencies have left Lehman overcapitalised. As a result, the credit card group has kept [redacted] interest in the firm's future profits, which could allow [redacted] to take back $400m over [redacted] eight years if Lehman's earnings rise above a certain level.

[redacted] has [redacted] striving for the past two years to lift revenue sources and improve profit margins. Known mainly for its fixed [redacted] expertise, Lehman [redacted] embarked [redacted] expansion primarily in [redacted] exchange, along [redacted] and [redacted] markets. It has [redacted] invested [redacted] expand-[redacted] international [redacted] in an attempt to catch up with the international dominance built [redacted] by Goldman Sachs [redacted] Morgan Stanley.

Competitors single out Lehman's lack of a US retail client base as a weakness (the Shearson broking business was sold to rival Smith Barney last year). However, the firm claims [redacted] base of investors in the US, and has not targeted this as an area for investment.

USAir reduces deficit to $116.5m in term

By [redacted] in New York

USAir, the [redacted] carrier in which [redacted] Airways holds a minority stake, yesterday showed progress in cutting its losses, reporting [redacted] fall in its fourth-quarter after-tax deficit to [redacted] from [redacted] last time.

*The final quarter's perfor*mance helped bring [redacted] significant [redacted] in full-year losses to [redacted] accounting changes [redacted] from $1.23bn [redacted] changes. [redacted] also [redacted] the [redacted] of [redacted] fifth consecutive year [redacted] which [redacted] failed [redacted] profit.

Like [redacted] airlines, it [redacted] suffering intense competition from [redacted] and [redacted] *trying* [redacted] *cut costs* [redacted] response. In the year just [redacted] it [redacted] from a slight [redacted] in the [redacted] market [redacted] decline in [redacted] prices.

The [redacted] all non-recurring [redacted] stripped [redacted] full-year results, [redacted] profit [redacted] compared [redacted] operating [redacted] of [redacted].

[redacted] and [redacted] executive, acknowledged the airline's financial [redacted] remained unsatisfactory in spite of [redacted] progress made.

Fourth-quarter turnover rose to $1.8bn from $1.63bn and losses per share fell to $2.29 from $5.66, while full-year turnover rose to $7.08bn from $6.69bn. Losses per share fell to $7.68 from $13.88 before accounting changes and to $8.48 from $27.23 after the changes.

New figures show sales of Apple's Newton MessagePad falling off

By Louise Kehoe in San [redacted]

Apple Computer [redacted] sold only about 75,000 of its highly-publicised Newton MessagePad *hand-held* "personal digital assistant" products since they were introduced [redacted] August.

The group [redacted] been reluctant to reveal [redacted] figures since it announced initial [redacted] of [redacted] last September. The new figure demonstrates [redacted] Newton sales have [redacted] sharply [redacted] months.

Apple insists it is [redacted] disappointed [redacted] that new product [redacted] volumes typically [redacted] after [redacted] rush of [redacted]. However, analysts [redacted] the [redacted]est figure [redacted] confirmation that Newton is failing to live up to the company's expectations.

[redacted] Newton has been dogged by reports that [redacted] *handwriting* recognition software [redacted] unreliable. Communications capabili-[redacted] limited at the [redacted] of its launch, although these [redacted] now [redacted] improved with add-on products.

Apple [redacted] expected [redacted] intro-[redacted] versions of [redacted] later [redacted] year. [redacted] nies [redacted] have [redacted] technology [redacted] also expected [redacted] launch products.

Poor sales could raise doubts about the commercial value of Newton technology. However, initial sales are not always [redacted] good [redacted] of long-term performance – Apple's first *Macintosh personal computer*, launched 10 years ago, was not [redacted] overwhelming [redacted] but Apple has since sold about 14m Macintosh PCs.

Slow Newton [redacted] however, making potential competitors more cautious. Compaq, which is developing [redacted] hand-held "mobile-companion" that [redacted] expected [redacted] compete with Newton, [redacted] to delay [redacted] introduction.

Renault sells Colombian arm

By John Ridding in Paris

Renault, the French state-owned vehicle company, is selling control of [redacted] Colom-[redacted] subsidiary to [redacted] Domingo Group, one of the country's largest business [redacted].

[redacted] is the latest and [redacted] step [redacted] Renault's policy of reducing its exposure [redacted] financial and political risks in Latin America, while maintaining its commercial presence. In April [redacted] year, [redacted] *sold its Venezuelan* subsidiary to local industrial-[redacted] and in [redacted] it sold control of [redacted] Argentine operations [redacted] holding company.

Under the [redacted] Renault [redacted] selling 51 [redacted] shares in Sofasa, [redacted] Colom-[redacted] subsidiary, to Bavaria, part of the the [redacted] Domingo *Group. Renault's* [redacted] in [redacted] reduced to 24 [redacted] cent, [redacted] by Toyota and Mitsui [redacted] Japan.

Sofasa, which [redacted] Renault 9 [redacted] 21 [redacted] plant, will [redacted]*tinue to produce Renault* vehicles. [redacted] will also expand [redacted] and [redacted] distribution [redacted] in Colombia. The production [redacted] Toyota's utility [redacted] – the Landcruiser and Hilux – will be unaffected.

Last year, [redacted] produced more than 12,000 [redacted] cars *and accounted* [redacted] *about 13* [redacted] Colombian market. In [redacted] reported net profits [redacted] FFr18m, and remained in profit last [redacted].

Renault's [redacted] in Latin America increased from [redacted] in 1992 [redacted] year.

Dean Witter jumps ahead to $604m

[redacted]

[redacted] Witter, Discover, the US financial services group, reported a 47 per cent jump in net income for last [redacted] to $604m, or [redacted] share, [redacted] *securities and credit card busi*nesses reported strong advances.

Buoyed by the [redacted] surge in [redacted] underwriting and record commission income that have pushed earnings at other [redacted]rities houses to [redacted] highs, [redacted] company's *securities* [redacted] reported [redacted] in [redacted] quarter [redacted] $284m for [redacted] as [redacted] whole.

During [redacted] latest period, commission income [redacted] was 28 per [redacted] higher than a year before, while revenues [redacted] principal trading fell 13 [redacted] to [redacted].

After-tax profits [redacted] Discover card, [redacted] account holders in [redacted] US than any other payment card, [redacted] in [redacted] quarter, from [redacted] before, as [redacted] growth [redacted] per [redacted] outpaced [redacted] slower rise in costs.

The card, launched in 1985, first came into profit in 1988 and [redacted] continued to grow strongly since.

Revenues in the [redacted] quarter [redacted] helped by a [redacted] *cent increase in* [redacted] merchants and cardholders, mainly [redacted] higher transaction volumes [redacted] existing cards.

Job losses push Nynex into red

By Martin [redacted]

Nynex, [redacted] Baby [redacted] telecommunications [redacted] serving [redacted] north-eastern [redacted] is to cut [redacted] workforce by 16,800, or 22 per cent, by the end [redacted] and [redacted] a $1.6bn charge against fourth-quarter earnings to cover the restructuring.

[redacted] cuts [redacted] in a series by local US telephone companies, which face a breakdown of [redacted] traditional monopolies as [redacted] *telecommunications* [redacted] entertainment industries con-[redacted] in a [redacted] multi-media sector.

As a result of the charges, Nynex reported [redacted] loss [redacted] quarter of $1.24bn, [redacted] *share, against* [redacted] income of $324.2m, or [redacted] cents, in [redacted] same period of [redacted].

Nynex, which faces some of [redacted] toughest competition in [redacted] US from new competi-*tors, has been criticised* in the past [redacted] being slow to change.

The company said [redacted] $1.6bn charge [redacted] a comprehensive strategy to improve efficiency and customer [redacted].

Banco de Colombia sold for $500m

[redacted] in Bogota

The biggest privatisation undertaken by [redacted] Colombian government was completed this [redacted] the [redacted] 75 [redacted] of [redacted] Banco de Colombia to Bancol, the Cali-based business group.

Including smaller packages of shares bought by employees [redacted] other investors [redacted] for around [redacted].

The Banco de Colombia, originally part [redacted] the Grupo Grancolombiano which collapsed in [redacted] mid-1980s, was nationalised and rehabilitated by the gov-[redacted].

It [redacted] one of [redacted] biggest banks [redacted] Colombia, [redacted] about 12 [redacted] cent of the total assets of the country's [redacted] system. 11 [redacted] all local [redacted] majority holdings in several subsidiaries. Bancol, [redacted] by [redacted] Gilinski family, [redacted] for 75 [redacted] of [redacted] shares.

Mr [redacted] Hommes, the minister of finance, [redacted] satisfied [redacted] way [redacted] sale [redacted] and [redacted] other financial entities would be privatised.

The government has been trying to prevent drug-trafficking [redacted] filtering [redacted] financial system through privatisation deals.

The Gilinski family [redacted] several small [redacted] as [redacted] Banco Andino, which has about 1.5 per [redacted].

Mr Jaime Gilinski said the Banco [redacted] Colombia [redacted] investment in technology [redacted] boost [redacted] profitability and that overseas business would be expanded. The [redacted] sub-sidiary in Panama and [redacted] the Eagle National [redacted] Miami.

An offering of [redacted] exchangeable into shares is also being [redacted] internationally through Deutsche Bank and its Morgan Grenfell subsidiary [redacted] London.

JCI climbs 12% as gold production hits high

By Matthew Curtin in Johannesburg

Record gold output and better gold prices gave combined after-tax income from the gold mines in the Johannesburg Consolidated Investment group a 12 per cent boost to R114.6m [illegible] in the December quarter. The mines turned in R102.8m in the previous three months and R62.6m in the December quarter of 1992.

Group gold production [illegible] its highest level [illegible] at 13,373kg against 13,229kg in the September quarter, with the [illegible] gold price [illegible] climbing to [illegible] a kg from [illegible] a kg.

Mr Kennedy Maxwell, chairman of [illegible] division, said the mines' success in keeping [illegible] working [illegible] unchanged at R28,700 a kg during 1993 was a "very satisfactory" achievement in a climate of near double-digit inflation.

Western [illegible] achieved an increase in [illegible] for the sixth quarter in a row which at 7.34 [illegible] a tonne was the highest recorded [illegible] likely to be [illegible] in the [illegible] quarter. After-tax profit jumped 20 per cent to [illegible] from R41.8m although capital spending rose as the mine upgraded its electrical supply and pumping facilities.

Mr Maxwell said despite progress in talks about merging [illegible] with the neighbouring South Deep mine, in the early [illegible] of development from Western [illegible] workings, a rights issue to finance full-scale development of the multi-million rand project was a long way off.

A [illegible] quarter at Randfontein [illegible], which turned in after-tax profit of R65m against R57.2m, [illegible] with a disappointing performance from the Joel mine. Joel [illegible] a R637,000 after-tax loss, against after-tax income of R3.81m, before capital spending of R8.03m.

Japanese paper groups in link-up

By Emiko Terazono in Tokyo

Honshu Paper, a leading Japanese paper and pulp company, and Takasaki Paper have agreed an alliance involving the sharing of distribution and purchasing channels.

The [illegible] follows mergers by other leading Japanese paper manufacturers last year and is expected to generate further reorganisation of the country's troubled paper and pulp industry, which has been facing thinner profit margins due to over-supply and [illegible] demand stemming from the economic downturn.

Japan's material makers, including paper and pulp, [illegible] and chemical companies, are facing increased competition from south-east Asia due to the strong [illegible] of manufacturing [illegible] by Japanese high-technology and export-orientated manufacturers to overseas locations has also hurt demand.

The paper industry has been [illegible] from over capacity, and last April Nippon Paper Industries was created by a merger between Jujo Paper and Sanyo-Kokusaku Pulp, while in October, Oji Paper and Kanzaki Paper merged to become New Oji Paper.

Honshu said cost-cutting from streamlining operations was limited and it had turned to a link-up with Takasaki for survival. The two companies will provide products to each other for sale under their own brand names. Both companies will invest some Y1bn ($8.9m) to buy each other's stock. Honshu intends to take 3.26 per cent of Takasaki while Takasaki is planning to hold a 0.46 per cent stake in Honshu.

Guinness deal goes flat for LVMH

Shareholders will be seeking an explanation, writes Alice Rawsthorn

When two companies announce a deal and one sees its shares [illegible] down while the other's shoot up, the first company has a problem.

This is the position in which LVMH, the French luxury goods group, found itself after last Thursday's announcement that it had renegotiated its seven-year-old [illegible] agreement with Guinness, the UK drinks [illegible]. Mr Bernard Arnault, the LVMH chairman, is spending most of this week trying to repair the damage.

"I thought the benefits of the agreement were obvious," he says. "But perhaps we should have done more to explain them."

The analysts who follow LVMH would certainly agree. The new agreement was announced at a London conference organised by Guinness, with only one LVMH director present. The French group did not hold its own conference in Paris.

LVMH, having seen its shares fall by [illegible] to FFr3,815 from FFr4,037 by last Friday, summoned the Paris analysts to a briefing this Thursday. The shares promptly rallied on Monday and yesterday rose again to [illegible] from FFr3840. "We should be able to explain everything on Thursday," says Mr Arnault. "Better late than never."

In theory Mr Arnault's explanation *ought* to be fairly easy. The new agreement involves Guinness selling [illegible] per cent stake in LVMH to Christian Dior and Au Bon Marché (two other companies controlled by Mr Arnault) for £1.3bn ($1.9bn) and paying [illegible] to LVMH for a 34 per cent holding in Moët Hennessy, the latter's champagne and cognac business. LVMH has also agreed to reduce its Guinness holding (worth around £400m) from 24 per cent to [illegible] per cent by the end of June.

Bernard Arnault: setting out the benefits of the deal

Guinness should benefit by concentrating its LVMH investment in drinks, the area of the business it knows best, and raising £416m in cash. But Mr Arnault can also point to advantages for LVMH. Dior and Bon Marché will, after all, pay for the deal. LVMH will emerge with a slightly smaller stake in Guinness and enough cash to reduce its net debt from FFr15bn to FFr4bn.

Why then have LVMH's shareholders reacted so badly? One reason was the group's misjudgment in failing to explain its side of the story. Another is that the deal should slightly dilute [illegible] 1996. But the main factor is that [illegible] Mr Arnault in complete control of LVMH at a time of growing concern about his strategy.

Mr Arnault, 44, [illegible] an ambitious [illegible] who planned to revitalise the [illegible] French corporate [illegible] with his aggressive Anglo-Saxon tactics. "Investors liked him because he was so different from the old French industrialists," says Ms Marie-Laure Favre-Gilly, an analyst at Baring Securities in Paris. "He really seemed to be financially-driven: always looking at the bottom line."

The analysts suspect that Mr Arnault has changed. They have long complained about [illegible] for [illegible] staged by his fashion houses. The final straw was last year's acquisition of La Tribune Desfossés, the French financial newspaper. "Why invest in newspapers?" says Ms Favre-Gilly. "It makes him look like a megalomaniac."

Analysts are worried that Mr Arnault may spend the proceeds of the new Guinness agreement to finance other such deals for LVMH. Mr Arnault denies this. "My sole preoccupation is the bottom line," he says. "I'm the biggest single shareholder in LVMH. All I care about is increasing our profits and our share price."

So why did he buy La Tribune? "Because we also have a wider responsibility," he says. "This was a French company that could have fallen into foreign hands." Is such a sentiment compatible with his professed obsession with profitability? "Of course," he says. "La Tribune was a tiny deal. We bought it for a low price and we'll get a good return."

But Mr Arnault insists he has no intention of making more investments in newspapers.

"No one need worry on that score," he says. "I'm absolutely clear about our strategy. LVMH is the world leader in the luxury goods industry and that's where we'll expand."

His aim, he says, is to launch new products for the group's established brands and buy other luxury brand names that he can develop. He also plans to fill the gaps in LVMH's portfolio by buying [illegible] in [illegible] jewellery. "It's an attractive area for us," says Mr Arnault. "But we'll only move if the right company comes up at the right price. We're not in a hurry."

Amcor cuts 530 jobs and invests A$51m in mills

By Nikki Tait in Sydney

Amcor, the Australian paper group, is to cut 530 jobs and [illegible] in mills in Tasmania and New South Wales, in its efforts to create a viable Australian white paper industry.

Amcor, via its Australian Paper Manufacturers subsidiary, acquired Associated Pulp and Paper Mills from its [illegible] rival, North Broken Hill Peko, for [illegible] in September. The deal left Amcor as the sole Australian manufacturer of white paper, [illegible] was expected to follow in the deal's wake, as Amcor attempted to improve efficiency and combat strong import competition.

Amcor said that the job cuts were part of a strategy to reduce costs and improve utilisation, and would occur in Victoria, New South Wales and Tasmania. Its five-year plan, presented to employees and union officials, also envisages enterprise bargaining agreements for individual mills.

Apart from the immediate investment in mills in Tasmania and New South Wales, the company said that it was evaluating $65m-worth of investment in projects to upgrade [illegible] and service.

Strong demand behind record Posco profits

By John Burton in Seoul

Pohang Iron and Steel (Posco), the world's third largest steel maker, reported unconsolidated net profits grew by 59 per cent to Won294.6bn [illegible] rose [illegible] per cent to Won6,920bn.

The South Korean state-controlled group said the record [illegible] were due to growing demand for steel products from the motor vehicle and construction industries. The completion of an extensive production expansion programme in 1992 had also contributed to profit growth as investment costs fell.

Hakuhodo ends 34-year venture with US agency

By Paul Abrahams in Tokyo

Hakuhodo, Japan's second largest advertising agency, yesterday dissolved a 34-year-old Tokyo-based joint venture with McCann-Erickson of the US. The Japanese group said the joint venture, the country's ninth biggest agency, had started to compete with its parent.

The company has handed over its 49 per cent stake in the venture to McCann-Erickson. It said the subsidiary had originally done business with overseas groups wanting to [illegible] in Japan.

But increasingly, the venture had taken on Japanese clients. The former subsidiary, called McCann-Erickson Hakuhodo, would have to change its name by March.

Japan's advertising industry has been hit by the worst recession since the second world war. Mr Paul Smith, analyst at James Capel Pacific in Tokyo, estimates that billings were down between [illegible] and [illegible] per cent last year in all areas except spot television slots. "There are slim pickings out there and the recession may have exacerbated structural and cultural problems," said Mr Smith.

NEWS DIGEST

President of Bangkok Bank quits

The president of Bangkok Bank, Thailand's largest bank, has resigned, the bank told the Stock Exchange of Thailand (SET), confirming news reports, William Barnes and Reuter report from Bangkok.

The bank said in its official statement to the exchange that Mr Vichit Suraphongchai, 48, resigned due to health problems 14 months after taking office.

The SET said the bank had not indicated whether he would take up another post within the bank.

Bangkok Bank is part of the Sophonpanich family empire whose interests range from palm oil plantations to hospitals, insurers and finance companies.

Argus sells 50% stake in Sowetan

South Africa's Argus group of newspapers has sold its 50 per cent stake in the Sowetan newspaper to a new black business group, writes Matthew Curtin.

New Africa Publishing (NAP) will acquire the Argus's holding in the newspaper, one of the country's most popular with daily sales, mostly to black readers, of more than 200,000 copies.

The Argus, controlled by Anglo-American through associate mining house Johannesburg Consolidated Investment, will hold a 19.9 per cent interest in NAP. Argus will be given a 30 per cent minority stake in New Africa Communications, majority shareholder in NAP, as settlement for the deal.

China denies foreign listings rumour

China's securities watchdog Mr Zhu Li has denied rumours that Beijing is ready to permit foreign companies to list domestic A shares on the Shanghai stock market, saying it was not the time for the move, Reuter reports from Beijing.

Mr Zhu, secretary-general of the China Securities Regulatory Commission said the commission was considering opening domestic bourses to overseas investors and allowing Chinese citizens to hold "foreigners-only" B shares. Allowing overseas firms to list domestic A shares is also being considered, but no decisions have been made, he said.

Cement factories to merge

Onoda Cement and [illegible] Cement are to merge [illegible] to form a new company on February 1 to improve productivity, a Sumitomo Cement spokesman said, Reuter reports from Tokyo. Both factories are in Kyoto Prefecture in western Japan.

INTERNATIONAL CAPITAL MARKETS

Weakness in Germany affects prices [redacted] Europe

By Antonia Sharpe in London and Frank McGurty in New York

A sudden drop in German government [redacted] was yesterday [redacted] to factors ranging from worries about the lack of progress at the IG Metall pay talks, to a large sell order hitting a relatively thin market.

GOVERNMENT BONDS

Union negotiators have warned that German employers could face a fierce industrial dispute if they remain inflexible. The union has also threatened token strikes later this month.

Earlier in the day, the market had [redacted] fleeting [redacted] in [redacted] release of favourable January inflation data from the [redacted] of Baden-Württemberg.

The [redacted] bund future on Liffe rose as high as 100.21, but slumped [redacted] in the late afternoon in good volume, down 0.34 point on [redacted] day.

■ The weakness in Germany spread [redacted] other government bond [redacted] in Europe. UK gilts fell by as much as ⅝ point [redacted] the long end in thin trading as [redacted] market awaited the Bank of England's £2.75bn [redacted]tion of 15-year stock today. By contrast, gilts with shorter maturities found greater protection, losing only around 1/16 point.

The March long gilt future on Liffe [redacted] 119⅞ in late trading, down 13/32 on the day and off the day's high [redacted] 119⅞.

■ Italian government bonds [redacted] hit by the fall in Germany and by news that the minimum accepted rate at the Bank of Italy's L7,000bn repurchase tender [redacted] government [redacted] to [redacted] per cent from [redacted] per [redacted] at the last operation [redacted] January 19.

The unexpected rise in short-term [redacted] led traders [redacted] speculate that the bank [redacted] seeking to build up the availability [redacted] funds in case of jitters in the financial markets in [redacted] run-up [redacted] general election in March.

The March future on Liffe [redacted] high [redacted] 119.06, [redacted] traders sought to break the previous record high of 119.12, before dropping back [redacted] in the late afternoon, a [redacted] of 0.34 point on the day.

■ Danish government bonds were [redacted] in the morning by news that the Danish finance ministry had reduced its estimate [redacted] Denmark's [redacted] budget deficit for 1993 and [redacted] around or just below DKr50bn. In its [redacted]nomic forecast in December, the ministry had [redacted] budget shortfalls of DKr51.7bn and DKr54.4bn for [redacted] and 1994 respectively.

The [redacted] cent [redacted] bond due 2003 [redacted] a half-point higher at [redacted] by the early afternoon, but later fell back [redacted] to [redacted] German government bonds.

■ Spanish government bonds bucked [redacted] trend in Europe and rallied in the wake of the Bank of Spain's unexpected [redacted] in its money rate, to 8.75 [redacted] from 9 per cent. The market was also supported by the peseta's strengthening after the [redacted] cut. [redacted] yield [redacted] 10-year government [redacted] fell [redacted] 7.74 per cent from [redacted] per [redacted].

■ Japanese government bond [redacted] fell more than a point in Tokyo [redacted] the Japanese ministry of [redacted] might increase [redacted] monthly auction, which is due [redacted] held today. The [redacted] usually raise Y1,000bn, but there was speculation that the ministry would increase the amount [redacted] Y1,200bn.

The [redacted] undermined by [redacted] in the stock market, which [redacted] said prompted some [redacted] to switch short-term funds from bonds into equities.

[redacted] future [redacted] to 114.80 [redacted] the [redacted] in Tokyo, down 1.15 points from Monday's final level, and drifted to [redacted] in London trading.

■ The US Treasury bond prices were mixed yesterday morning ahead [redacted] an afternoon auction [redacted] $17bn in new two-year [redacted] the sale of $12bn in five-year [redacted] tomorrow.

[redacted] midday, the benchmark 30-year [redacted] bond was down [redacted] with the yield rising to 6.311 per [redacted] the short end, [redacted] two-year note [redacted] 1/32 ahead [redacted] 100 11/32, to yield [redacted].

Uncertainty [redacted] the market's ability to [redacted] the [redacted] supply [redacted] short-dated [redacted] hit prices across the maturity [redacted] in early activity.

[redacted] the damage came [redacted] long end. Misgivings about the [redacted] economic recovery were stirred by news of a 6.7 per cent month-to-month increase in sales of existing single-family homes in December. The annualised rate of [redacted] units [redacted] a [redacted] high.

Later, the long bond climbed off its [redacted] lows and short-dated [redacted] edged into positive territory when [redacted] Conference [redacted] consumer confidence index proved to [redacted] than expected.

The January reading [redacted] against [redacted] 87, [redacted] bullish for fixed-income investors, who [redacted] in consumer spending would lead [redacted] higher inflation.

Baring drops Japan warrants market role in London

By Tracy Corrigan

Baring Securities in London has ceased making a market in Japanese equity warrants, cit[redacted] the increasing illiquidity of the sector.

The firm will continue [redacted] trade in Japanese warrants, and [redacted] make a market in Japanese convertible [redacted]. Baring Securities in Tokyo will continue to provide [redacted] broker/broker dealing arrangement (the equivalent of marketmaking) in both equity [redacted] and [redacted].

Baring Securities [redacted] a leading participant in the thriving London-based market for Japa[redacted] equity [redacted] in the [redacted] 1980s.

However, the [redacted] the Japanese [redacted] in recent [redacted], which has left many Japanese equity [redacted] substantially out of the money, has [redacted] volume in London [redacted] off.

The [redacted] marketmakers [redacted] the International [redacted]rities Market Association [redacted] Eurobond mar[redacted] regulatory body in the UK, [redacted] become increasingly burdensome, [redacted] Baring official said.

For example, under the so-called "knock-for-knock" rule, if [redacted] marketmaker [redacted] another marketmaker for a price, he [redacted] has to make one [redacted] return. [redacted] that [redacted] of [redacted] quotes, similar [redacted] Tokyo market, might [redacted] for the low [redacted] trading in the [redacted]tor.

The departure of Baring leaves only 12 [redacted] in London. Baring is making four [redacted] redundant [redacted] a [redacted] of [redacted] move.

Stream of issues in currency range

By Conner Middelmann

A stream of Eurobond [redacted] in various currencies emerged yesterday, including a UK corporate issue in the Eurosterling market and the first Danish krone convertible Euro[redacted].

Meanwhile, [redacted] French domestic [redacted] market, [redacted] French unemployment [redacted]

INTERNATIONAL BONDS

[redacted] issued the largest-ever domestic [redacted] Banque [redacted] and Caisse [redacted] Depôts [redacted] Consignations.

[redacted] came [redacted] tranches: a FFr10bn tranche maturing in October 1999 and a FFr12bn portion maturing in [redacted]. The [redacted] tranche [redacted] priced to yield 10 [redacted] points [redacted] the interpo[redacted] government bond yield curve, while the second tranche [redacted] at a yield [redacted] 12 [redacted] points over [redacted] OAT due 2002.

"This [redacted] supply in [redacted] there is [redacted] liquidity in the OAT market," [redacted] a syndicate [redacted] Paribas in [redacted]. [redacted] said [redacted] short-dated tranche [redacted] sold out quickly, while placement [redacted] longer-dated [redacted] was slower.

The [redacted] are guaranteed by [redacted] French government. However, [redacted] they will be [redacted] by French government bond primary dealers, they [redacted] deliverable into the notional [redacted] futures [redacted] on [redacted].

In [redacted] afternoon, Salomon [redacted] announced SKr1.5bn [redacted] 10-year bonds for Eksportfinans, [redacted] Norwegian export financing agency. The bonds [redacted] expected [redacted] be priced today at a yield spread [redacted] basis points [redacted] the 10-year Swed[redacted] government [redacted].

[redacted] the five- [redacted] seven-year [redacted] of the Swedish krona bond market has been [redacted] with [redacted] supply [redacted] the [redacted] weeks, [redacted] 10-year [redacted] not been tapped recently. And [redacted] still [redacted] for [redacted] krona [redacted] from [redacted] interest [redacted] continue falling and [redacted] currency [redacted]ciate.

The UK healthcare and [redacted] group BOC [redacted] second UK corporate borrower [redacted] Eurosterling market, issuing £125m [redacted] 10-year [redacted] via [redacted] Boston. The launch spread [redacted] basis points [redacted] gilts [redacted] by [redacted] participants [redacted] tight.

After [redacted] syndicate broke, [redacted] gap [redacted] more [redacted] 60 [redacted] points. However, [redacted] it rebounded [redacted] around 59 [redacted] points [redacted] gilts towards [redacted] close.

In the [redacted] dollar [redacted]ket, Abbey National Treasury [redacted] issued C$200m [redacted] 10-[redacted] bonds, priced [redacted] yield 26 [redacted] points [redacted] Canadian government bond [redacted] re-offer. [redacted] widely criticised [redacted] being [redacted] tightly priced.

[redacted] at [redacted] Brothers agreed the [redacted] had been aggressively priced, [redacted] argued [redacted] the [redacted] recently [redacted] little supply and strong investor [redacted]. "We haven't [redacted] bonds, but [redacted] comfortable [redacted] ability [redacted] place them [redacted] days," [redacted] said.

Elsewhere, [redacted] Danish [redacted] ingredients [redacted] packaging [redacted] the [redacted] Danish [redacted] convertible Eurobond, totalling DKr1bn [redacted] 10-year bonds. A syndicate offi[redacted] S. G. Warburg said [redacted] heavily oversubscribed, with strong [redacted] from Swiss [redacted] UK institutional investors, [redacted] existing Danisco shareholders.

In the D-Mark sector, the price of [redacted] Baden-Württemberg's DM750m bond issue launched on Monday slipped in line with the underlying bund market, but the yield spread tightened slightly to around 66 [redacted] points, from [redacted] the previous day.

According to lead manager J. P. Morgan, the bonds traded as high as [redacted] Monday. Yesterday they slipped [redacted] in late [redacted].

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees [redacted]	Spread bp	Book runner
US [redacted]							
[redacted] di [redacted]	150	(a)	[redacted]	[redacted]	[redacted]	-	Merrill Lynch Intl.
Itochu Fuel Corp.(b)Φ	150	1.50	[redacted]	[redacted]	[redacted]	-	Nikko Europe
[redacted] Companies‡	100	(d)	[redacted]	[redacted]	0.375R	-	[redacted] Intl.
[redacted]	75	(c)	[redacted]	[redacted]	[redacted]	-	[redacted]
[redacted]							
BOC Group	125	6.75	99.29R	Feb.2004	[redacted]	+57(8¾%-04)	CS First [redacted]
CANADIAN DOLLARS							
Province of Ontario	1.25bn	7.50#	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted] Natl.Treasury [redacted]	200	[redacted]	[redacted]	[redacted]	[redacted]	[redacted] (7¼%-03)	[redacted] Intl.
[redacted] KRONOR							
Eksportfinans	1.5bn	(e)	[redacted]	Feb.2004	0.625R	+24(10¼%-03)	Salomon [redacted] Intl.
DANISH KRONER							
Danisco(f)§	1bn	[redacted]	[redacted]	[redacted]	[redacted]	-	[redacted] Warburg [redacted]
[redacted]							
BLFA	10bn	7.80	[redacted]	[redacted]	[redacted]	-	[redacted]
SWISS FRANCS							
Bangkok Land(Cayman Is)(g)[redacted]	400	[redacted]	[redacted]	[redacted]	-	-	Nomura Bank(Switz.)
[redacted] France(h)Φ	100	2.25	[redacted]	[redacted]	-	-	Merrill Lynch [redacted]

Final terms and non-callable unless stated. The yield spread (over relevant government bond) at launch is supplied by the lead manager. *Private placement. §Convertible. ΦWith equity warrants. ‡Floating rate note. #Semi-annual coupon. R: fixed re-offer price; fees are shown at the re-offer level. a) Coupon: 6-mth Libor +0.15%. b) Fixing: 1/2/94. c) Coupon: 6-mth Libor -⅛%, min 5⅛%. d) Block trade. Coupon: 3-mth Libor +1⅛%. Interest only accrues on days 3-mth Libor falls within the following ranges: 1st 6 mths 3-4%, 2nd 6 mths 3½-4½%, 3rd 6 mths 3½-5½%, [redacted] mths 3½-6%. e) Priced today at 24bp [redacted] the 1033 Swedish Govt bond. f) Fixed today. Conv prem indicated at 16-20%. Overallotment option: 15%. Callable from 21/2/97 at par of which 1st 2 yrs are subject to 130% rule. g) Fixing: 31/1/94. Callable on 30/9/98 at 102½% declining ½% semi-annually. Callable, subject to 150% rule and 110% gross parity rule, on 30/9/94 at 103¼% declining ½% semi-annually. Puttable on 31/3/99 at par. Downward revision clause set 12/11/97. h) Denom: SFr5,000 +60 3-yr wrts. 100 wrts to 1 Roche genusscheine at SFr7,100.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	[redacted]	Day's [redacted]	[redacted]	Week ago	[redacted] ago
Australia		9.500	[redacted]	[redacted]	+0.340	6.26	[redacted]	6.58
Belgium		7.250	04/04	[redacted]	+0.080	[redacted]	6.59	[redacted]
[redacted]		7.500	12/03	107.6500	[redacted]	[redacted]	6.43	[redacted]
Denmark		7.000	12/04	107.6200	[redacted]	[redacted]	5.69	6.16
France	BTAN	[redacted]	12/98	110.7800	[redacted]	5.12	5.05	6.04
	[redacted]	6.750	10/03	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Germany		6.000	09/03	101.6300	-0.270	5.77	5.63	5.63
Italy		8.500	01/04	[redacted]	[redacted]	[redacted]	8.51	[redacted]
Japan	[redacted]	[redacted]	[redacted]	[redacted]	+0.200	[redacted]	3.81	[redacted]
	No 157	4.800	06/03	108.9940	-0.310	[redacted]	[redacted]	3.05
Netherlands		[redacted]	01/04	100.2500	-0.350	5.72	5.60	5.81
[redacted]		10.500	[redacted]	[redacted]	-0.040	[redacted]	[redacted]	8.07
UK Gilts		[redacted]	01/98	[redacted]	[redacted]	5.68	5.70	[redacted]
		6.750	11/04	104-12	-10/32	[redacted]	6.17	[redacted]
		9.000	[redacted]	[redacted]	-12/32	6.49	[redacted]	5.94
US Treasury *		5.750	08/03	[redacted]	[redacted]	5.72	5.71	5.71
		6.250	08/23	[redacted]	[redacted]	6.32	6.27	6.23
ECU (French Govt)		6.000	[redacted]	100.3300	-0.590	5.96	5.98	5.99

London closing, [redacted] York mid-day. Yields: [redacted] market standard.
† Gross annual yield (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. Source: MMS International

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF)

	[redacted]	Sett price	Change	High	Low	[redacted] vol.	[redacted] int.
Mar	[redacted]	130.42	-0.34	130.88	130.38	[redacted]	[redacted]
Jun	[redacted]	[redacted]	-0.34	[redacted]	129.94	3,365	13,910
Sep	129.40	129.06	[redacted]	[redacted]	129.40	7	[redacted]

■ [redacted] TERM [redacted] BOND [redacted]

Strike Price	CALLS Feb	CALLS Mar	CALLS Jun	PUTS Feb	PUTS Mar	PUTS Jun
[redacted]	-	[redacted]	-	-	0.09	0.51
[redacted]	-	1.64	-	-	0.20	0.81
[redacted]	-	[redacted]	-	0.08	0.43	1.25
[redacted]	0.05	[redacted]	0.76	0.58	0.94	-
[redacted]	-	0.12	[redacted]	-	-	-
[redacted]	-	0.04	[redacted]	-	-	-

[redacted] vol. total. Calls 20,328 Puts 20,362. Previous day's open int.: Calls 333,583 Puts 357,633.

Germany

■ NOTIONAL GERMAN BUND [redacted] (LIFFE)* DM250,000 100ths of [redacted]

	[redacted]	Sett price	[redacted]	High	Low	[redacted]	Open int.
Mar	[redacted]	[redacted]	[redacted]	100.21	[redacted]	177976	165192
Jun	[redacted]	[redacted]	[redacted]	100.15	99.75	[redacted]	[redacted]

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	CALLS Mar	CALLS Jun	PUTS Mar	PUTS Jun
9950	0.63	1.06	0.32	0.78
10000	0.34	0.81	0.53	1.03
10050	[redacted]	0.61	0.87	1.33

Est. vol. total. Calls 34853 Puts 18610. Previous day's open int. Calls 210323 Puts 162634

■ NOTIONAL MEDIUM TERM GERMAN GOVT. BOND (BOBL)(LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	[redacted]	High	Low	Est. vol	Open int.
Mar	102.66	[redacted]	[redacted]	102.94	102.72	714	10097

Italy

■ [redacted] ITALIAN [redacted] BOND (BTP) FUTURES [redacted] Lira 200m [redacted] 100%

	[redacted]	Sett price	Change	High	Low	Est. [redacted]	[redacted]
[redacted]	[redacted]	[redacted]	-0.31	119.08	118.45	[redacted]	87059
Jun	119.12	[redacted]	[redacted]	119.12	118.85	416	3676

■ [redacted] GOVT. [redacted] FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	CALLS Mar	CALLS Jun	PUTS Mar	PUTS Jun
11850	1.08	2.37	0.96	[redacted]
11900	0.83	2.13	1.21	[redacted]
11950	[redacted]	1.90	1.51	2.56

Est. vol. total, Calls 2961 Puts 1493. Previous day's open int. Calls [redacted] Puts [redacted]

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Sett price	Change	High	Low	Est. [redacted]	[redacted]
Mar	106.43	106.35	-0.08	106.66	106.30	[redacted]	85,925
Jun	[redacted]	106.30	+0.10	106.60	106.40	300	[redacted]

UK

■ [redacted] UK GILT [redacted] (LIFFE)* [redacted] 32nds of [redacted]

	Open	[redacted] price	Change	High	Low	[redacted] vol	[redacted] int.
[redacted]	119-25	119-18	-0-10	119-28	119-10	[redacted]	[redacted]
Jun	[redacted]	118-27	-0-10	119-00	118-25	[redacted]	[redacted]

■ [redacted] OPTIONS (LIFFE) £50,000 64ths [redacted]

Strike Price	[redacted] Mar	[redacted] Jun	[redacted] Mar	[redacted] Jun
[redacted]	1-08	1-47	0-42	1-57
120	0-40	1-19	1-10	[redacted]
121	0-20	[redacted]	1-54	[redacted]

[redacted] Calls [redacted] 2121 [redacted] day's [redacted] 8072* Puts [redacted]

Ecu

■ ECU BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	[redacted] vol.	[redacted] int.
[redacted]	121.46	121.30	-0.22	121.62	121.28	5,421	13,573
Jun	-	[redacted]	-0.22	-	-	-	[redacted]

US

■ US [redacted] BOND FUTURES [redacted] $100,000 [redacted] 100%

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Mar	116-04	115-24	-0-13	116-04	115-18	[redacted]	[redacted]
Jun	114-31	114-21	-0-13	115-03	114-15	2,344	16,336
Sep	113-27	113-22	[redacted]	113-27	113-17	7,248	24,611

Japan

■ NOTIONAL LONG TERM [redacted] BOND FUTURES (LIFFE) Y100m [redacted]

	Open	Close	Change	High	Low	Est. vol	Open [redacted]
Mar	114.50	-	-	114.70	114.20	3595	0

* LIFFE contracts traded on APT. All Open interest figs. are for previous day.

FT-ACTUARIES FIXED INTEREST INDICES

Price Indices UK Gilts	Tue Jan 25	Day's change %	Mon Jan 24	[redacted] interest	xd adj. ytd		Low coupon yield Jan 25	Low Jan 24	Low Yr. ago	Medium coupon yield Jan 25	Medium Jan 24	Medium Yr. ago	High coupon yield Jan 25	High Jan 24	High Yr. ago
1 Up [redacted] years (26)	129.14	+0.01	129.13	1.33	1.23	[redacted]	5.64	[redacted]	6.69	5.87	5.87	7.15	5.97	5.96	[redacted]
2 [redacted] years [redacted]	162.34	-0.06	162.87	1.64	1.46	15 yrs	6.34	6.33	8.24	6.43	6.41	[redacted]	6.65	6.64	8.94
3 Over 15 years (8)	189.86	-0.18	190.19	1.11	[redacted]	20 [redacted]	[redacted]	6.43	8.65	[redacted]	[redacted]	8.90	[redacted]	6.68	9.03
4 [redacted] (6)	230.30	-0.19	230.74	2.24	[redacted]	[redacted]	6.63	6.62	8.91						
5 All stocks [redacted]	156.97	-0.06	157.27	1.47	[redacted]										

Index-linked							Inflation [redacted] Jan 25	Jan 24	Yr. ago	Inflation [redacted] Jan 25	Jan 24	Yr. ago
6 Up to 5 [redacted]	191.28	-0.07	191.40	1.56	0.00	Up [redacted] 5 [redacted]	2.23	[redacted]	2.17	1.34	1.31	1.31
7 [redacted] years (11)	192.63	-0.14	192.91	0.62	0.57	[redacted] 5 yrs	2.91	[redacted]	[redacted]	2.73	[redacted]	3.54
8 All stocks [redacted]	191.55	-0.14	191.81	0.62	[redacted]							

Debentures and Loans						5 year yield Jan 25	Jan 24	Yr. ago	[redacted] year yield Jan 25	Jan 24	Yr. ago	25 year yield Jan 25	Jan 24	Yr. ago
9 Debs [redacted] Loans (66)	158.79	-0.03	158.84	2.73	0.39	[redacted]	7.33	8.74	[redacted]	[redacted]	9.80	7.51	7.50	10.01

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: [redacted] and over. † Flat yield. ytd Year to date.

FT FIXED INTEREST INDICES

	Jan 25	Jan 24	Jan 21	Jan 20	Jan [redacted]	Yr ago	High*	Low*
[redacted] Secs. (UK)	[redacted]	[redacted]	[redacted]	106.56	[redacted]	[redacted]	107.60	[redacted]
Fixed Interest	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	133.87	[redacted]

* for 1993/94. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75). Fixed Interest high since compilation: 133.87 (21/1/94), low 50.53 (3/1/75). Base 100: Government Securities 15/10/26 and Fixed Interest 1928. SE activity indices rebased 1974

GILT EDGED ACTIVITY INDICES

	Jan 24	Jan 21	Jan 20	Jan 19	Jan 18
Gilt [redacted] bargains	100.0	102.9	128.6	145.8	138.6
5-day [redacted]	122.8	123.1	127.3	126.7	118.5

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:00 pm on January 25

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg.	Yield
Abbey Natl Treasury 6½ 03	1000	101⅛	101⅜	-¼	6.29
AlbertaProvince 9⅜ 95	600	108⅛	108¼		[redacted]
Austria 8½ 00	400	114¼	114⅝	-¼	6.63
Bank of Tokyo 8⅛ 96	100	107½	108⅛	+¼	[redacted]
Belgium 9⅝ 98	250	116½	116⅞	-⅛	5.35
BFCE 7¼ 97	150	[redacted]	108⅝	-⅛	[redacted]
British Gas 0 21	1500	13¼	13⅝		[redacted]
Canada 9 96	1000	109	109¼		4.39
CCCE 9¼ 95	300	105⅝	105⅞	-⅛	3.91
Cheung Kong Fin 5½ 98	500	97	97½	-⅛	[redacted]
Council Europe 8 98	100	107⅝	108⅛		[redacted]
Credit Foncier [redacted] 99	300	117½	117⅞	-⅛	[redacted]
Denmark 9¼ 95	1671	106⅞	108⅛		[redacted]
ECSC 8¼ 98	193	109	109½		[redacted]
EEC 8¼ 96	100	108⅛	108½	+⅛	4.58
EIB 7¾ 98	250	107¼	107⅝		4.80
EIB 9¼ 97	1000	114¼	114⅝	-⅛	5.03
Elec de France 9 98	200	113⅝	114	-⅛	5.24
Eurofima 9¼ 95	100	109⅝	109¾		4.52
Ex-Im Bank Japan 8 02	500	112⅛	112¾	-⅛	6.08
Export Dev Corp 9½ 98	150	115⅞	116⅛	-⅛	[redacted]
Finland 7⅞ 97	200	107½	108⅛		8.12
Finnish Export 9⅜ 95	200	108¼	109⅝		[redacted]
Ford Motor Credit 6¼ 98	1500	103	103½	-⅛	[redacted]
Gen Elec Capital 9⅜ 96	300	110¼	110¾		4.68
GMAC 9⅛ 95	200	103¼	103¾	+⅛	[redacted]
Ind Bk Japan Fin 7⅞ 97	200	107¼	108⅛	+¼	[redacted]
Inter Amer Dev 7⅝ 98	200	107¼	107⅝		4.61
Italy 6⅞ 23	3500	[redacted]	[redacted]	-⅛	[redacted]
Japan Dev Bk 8⅜ 01	500	114⅜	114¾	-¼	[redacted]
Kansai Elec Pwr 10 98	350	110⅞	111¼		4.63
LTCB Fin 8 97	200	107⅞	108⅛	+¼	5.26
Matsushita Elec 7¼ 02	[redacted]	[redacted]	107	-¼	[redacted]
Nippon Cred Bk 10½ 95	[redacted]	107⅝	[redacted]	-⅛	4.77
Nippon Tel Tel 9⅜ 95	200	105⅝	106	-⅛	[redacted]
Norway 7¼ 97	1000	107	107¼	-⅛	[redacted]
Ontario 7⅜ 03	3000	107⅛	107⅝	-⅛	[redacted]
Oster Kontrollbank 8½ 01	200	115½	115½	-⅛	5.84
Petro-Canada 7¼ 96	200	105½	106		[redacted]
Portugal 5¾ 03	1000	96⅝	96⅞	-¼	6.31
Quebec Hydro 9¾ 98	150	116⅛	116¾	-⅛	5.71
Quebec Prov 9 98	200	112¼	113	-⅛	5.63
Sainsbury 9⅛ 96	150	110¼	110⅝		[redacted]
SAS 10 99	200	114¼	114¾	+¼	[redacted]
SBAB 9½ 95	500	105⅝	107	-⅛	4.30
SNCF 9½ 98	150	116⅛	116⅝	-⅛	5.35
Spain 6½ 99	1500	104⅝	105		5.52
State Bk NSW 8½ 98	200	108⅛	108½		4.86
Sweden 5½ 95	2000	102½	102⅞		[redacted]
Swedish Export 8⅞ 98	700	107⅞	108¼		[redacted]
Tokyo Elec Power 8¾ 96	300	109½	109⅞		4.73
Tokyo Metropolis 8¼ 96	200	109	109⅜		4.71
Toyota Motor 5⅝ 98	1500	101⅝	101⅞		[redacted]
United Kingdom 7¼ 02	3000	108⅛	108⅜	-⅛	6.02
World Bank 8⅜ 99	1500	114½	114¾		5.45
World Bank 8¼ 97	1500	111⅞	112⅛	-⅛	[redacted]
United Kingdom 7¼ 98	5500	108⅛	108⅜	-⅛	5.20
Volkswagen Intl Fin 7 03	1000	102⅛	102⅞	-⅛	6.64
World Bank 0 15	2000	28¼	28⅝	+¼	5.84
World Bank 5¼ 98	300	103⅛	103⅞	-⅛	4.18
World Bank 8¼ 00	[redacted]	116⅞	117¼		6.47

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Chg.	Yield
Austria 5⅞ 97	500	102½	103	+⅛	[redacted]
Belgium 7¼ 02	500	109⅜	109⅞	-¼	6.20
Credit Foncier 7¼ 03	2000	106¼	106⅝	-⅛	6.32
Denmark 6⅛ 98	2000	103	103⅛	-⅛	[redacted]
Deutsche Finance 7½ 95	1000	102⅛	102¼		[redacted]
ECSC 8⅝ 96	700	109	109¼	+⅛	5.20
EEC 6½ 00	2900	104⅞	105	-¼	5.54
EIB 7½ 99	400	111½	112		[redacted]
Finland 7½ 00	3000	[redacted]	[redacted]	-⅛	[redacted]
Ireland 7¼ 02	500	[redacted]	110⅛		[redacted]
Italy 7¼ 98	5000	106⅛	[redacted]	+⅛	5.52
Spain 7¼ 03	[redacted]	[redacted]	106⅝	-⅛	6.29
Sweden 8 97	2500	108⅝	109	-¼	5.40
Tokyo Elec Power 7⅝ 02	1000	109	109⅜		6.26

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Chg.	Yield
Asian Dev Bank [redacted]	100	114½	115		4.73
Austria 4½ 00	1000	103⅝	103⅞	-⅛	3.82
Council Europe 4¾ 98	250	103½	104	-¼	3.80
EIB 6¾ 04	300	114	114½	-⅛	5.02
Elec de France 7¼ 06	100	116½	117¼		5.35
Finland 7¼ 99	300	114	114⅛		4.41
General Motors 7½ 95	100	103¼	103¾		4.82
Hyundai Motor Fin 8½ 97	100	110	110½		5.36
Iceland 7⅝ 00	100	115¼	116½		4.78
Kobe 6⅞ 01	240	112	112¼	+¼	4.45
Ontario 6¼ 03	400	110½	110¾	+¼	4.79
Quebec Hydro 5 08	100	100¾	101½		4.92
SNCF 7 04	450	119	119¾	-⅛	4.70
World Bank 5 03	150	102⅝	103¼		4.65
World Bank 7 01	600	116	116½		4.33

YEN STRAIGHTS	Issued	Bid	Offer	Chg.	Yield
Belgium 5 99	75000	107⅞	107⅞	-⅞	3.58
Denmark 7 95	40000	105	105⅛	+⅛	[redacted]
EIB 6⅝ 00	100000	116	116¼	-1	[redacted]
Elec de France 6⅝ 98	20000	107¾	108¼	-¼	2.65
Finland 6¾ 96	50000	108⅞	109⅛	-¼	[redacted]
Inter Amer Dev 7¼ 00	30000	120⅛	120⅝	-1	3.58
Japan Dev Bk 5 99	100000	108⅜	108½	-⅛	[redacted]
Japan Dev Bk 6½ 01	120000	117¼	117⅜	-1	[redacted]
Nippon Tel Tel 5⅞ 98	50000	108⅛	108⅝	-¼	2.58
Norway 5⅛ 95	50000	103¼	103½	-⅛	2.31
SNCF 6¾ 00	30000	116⅝	116⅞	-1	3.68
Sweden 5⅝ 95	[redacted]	[redacted]	[redacted]	-⅛	2.29
World Bank 6¾ 00	50000	[redacted]	117	-1	3.65

OTHER STRAIGHTS	Issued	Bid	Offer	Chg.	Yield
Arbed 7½ 95 LFr	600	[redacted]	101¼		6.90
Genfinance Lux 9⅛ 99 LFr	1000	109	110		6.99
World Bank 8 96 LFr	[redacted]	[redacted]	104⅛		[redacted]
Bank Voor Ned Gem 7⅝ 02 Fl	1000	109½	[redacted]		6.20
Energie Beheer 8¾ 98 Fl	500	113	113⅜		[redacted]
AlbertaProvince 10⅝ 98 C$	500	111¼	111⅝		4.74
Bell Canada 10⅝ 99 C$	150	118⅜	119⅛		[redacted]
British Columbia 10 96 C$	500	111⅛	111⅝		[redacted]
EIB 10⅛ 98 C$	130	117⅛	117¾	+⅛	5.38
Elec de France 9¾ 99 C$	275	118¾	117¼		[redacted]
Gen Elec Capital 10 96 C$	300	[redacted]	111¼		5.05
KfW Int Fin [redacted] C$	[redacted]	119⅛	[redacted]		6.55
Nippon Tel Tel 10¼ 99 C$	200	119⅜	119⅞	+⅛	6.13
[redacted] 8 03 C$	[redacted]	[redacted]	[redacted]	-½	6.95
Ontario Hydro 10⅞ 99 C$	500	120⅝	121⅛		[redacted]
Oster Kontrollbank 10¼ 99 C$	150	118⅝	119¼		6.14
Quebec Prov 10½ 98 C$	200	118¼	118⅞	+¼	6.04
Belgium 9⅛ 96 Ecu	[redacted]	[redacted]	107⅝		5.62
Council Europe 9 01 Ecu	1100	117⅞	[redacted]	-⅛	[redacted]
Credit Lyonnais 9 96 Ecu	125	106⅜	107	+⅛	5.92
EIB 10 97 Ecu	1125	112⅛	112⅜		5.67
Ferro del Stat 10⅛ 98 Ecu	500	114⅜	114⅞		[redacted]
Italy 10¾ 00 Ecu	1000	123⅛	123½		6.16
Spain 9 96 Ecu	[redacted]	[redacted]	107⅜		5.57
United Kingdom 9⅛ 01 Ecu	2750	118¼	118½	-⅛	[redacted]
AIDC 10 99 AS	100	114¾	115⅜	+½	6.65
BP America 12¼ 96 AS	100	111⅞	112¼		6.14
Comm Bk Australia 13¾ 99 AS	100	[redacted]	[redacted]	+½	[redacted]
Eksportfinans 12⅛ 95 AS	75	[redacted]	109	+⅛	5.52
McDonalds Canada 15 95 AS	100	112¼	112¾	+⅛	5.73
NSW Treasury Zero 0 20 AS	1000	15¼	15½		[redacted]
R & I Bank 7¾ 03 AS	125	[redacted]	[redacted]	+1	7.03
Sth Aust Govt Fin 9 02 AS	150	111⅞	112¼	+½	7.12
Unilever Australia 12 98 AS	150	119½	120	+¼	6.53
Alliance Leics 11⅛ 97 £	100	116½	118	-⅛	6.01
British Gas 12¼ 95 £	300	107⅛	107⅝		5.33
British Land 8⅞ 23 £	150	107⅞	108⅜	+¼	8.33
EIB 10 97 £	837	111¾	112¼		5.66
Halifax 10⅜ 97 £	100	112½	113		5.65
Hanson 10⅜ 97 £	500	113¼	113½		6.30
HSBC Holdings 11.69 02 £	153	125⅝	126⅛	-¼	7.49
Italy 10½ 14 £	400	131¼	131⅝	-¼	7.46
Japan Dev Bk 7 00 £	200	105⅛	105⅝	+⅛	6.00
Land Secs 9½ 07 £	200	116⅝	117	-¼	[redacted]
Ontario 11⅛ 01 £	100	123⅞	124¼		6.76
Powergen 8⅞ 03 £	250	113⅞	114¼	-⅛	6.79
Severn Trent 11½ 99 £	150	122⅛	122½		6.54
Tokyo Elec Power 11 01 £	150	125⅜	125⅝		6.58
World Bank 11¼ 95 £	100	107⅛	107⅜		5.40
Abbey National 0 96 NZ$	100	86	87	+⅛	5.78
TCNZ Fin 9¼ 02 NZ$	75	117⅞	118⅞	+¼	8.43
CEPME 10 95 FFr	2000	105	108⅛	+¼	5.46
Elec de France 8¾ 22 FFr	3000	127	127½	-⅛	6.61
SNCF 9¼ 97 FFr	4000	111⅛	111½	+⅛	5.33

FLOATING RATE NOTES	Issued	Bid	Offer	[redacted]
Banco Roma 0 99	200	99.44	99.57	3.3750
Belgium 1/16 97 DM	500	99.95	100.05	6.4375
BFCE -0.02 98	350	99.92	100.03	3.4175
Britannia 0.10 96 £	150	99.94	100.04	5.7875
CCCE 0 06 Ecu	200	98.79	98.98	6.6406
Citicorp Bkg ¼ 95	400	100.00	100.42	5.2500
Credit Lyonnais 1/16 00	300	100.02	100.42	5.0000
Denmark -⅛ 98	1000	99.60	99.69	3.1875
Dresdner Finance 1/32 98 DM	1000	99.93	100.02	6.5078
Elec de France ⅛ 99	400			5.2500
Ferro del Stat 0.10 97	420	99.82	100.04	3.4125
Finland 0 97	1000	99.99	100.08	3.4141
Halifax BS 1/16 95 £	350	99.99	100.04	5.5000
Ireland 0 98	300	99.75	99.91	3.4400
Italy ¼ 98	2000	100.58	100.65	3.5625
Leeds Permanent ⅛ 96 £	200	100.00	100.05	5.6250
Lloyds Bank Perp S 0.10	600	84.00	85.00	3.5375
Malaysia 1/16 05	650	100.17	100.43	5.2500
Nationwide 0.08 96 £	300	99.92	100.02	5.5488
New Zealand ⅛ 99	250	100.00	100.12	3.4590
Renfe 0 98	500	99.42	99.61	3.3750
Societe Generale 0 95	300	99.66	99.79	3.2812
Stadtsbank Berlin -0.05 96 DM	6000	99.95	100.00	5.8125
State Bk Victoria 0.05 99	125	99.69	99.94	3.5344
Sweden 0 98	1500	100.24	100.30	[redacted]
United Kingdom -⅛ 96	4000	99.88	99.94	[redacted]

CONVERTIBLE BONDS	Issued	Conv. Price	Bid	Offer	Prem.
Browning-Ferris 6¾ 05	400	52½	101⅝	102⅜	+83.98
Chubb Capital 6 98	250	86	106¾	107¼	+13.69
Eastman Kodak 6⅜ 01	300	41.52	106⅞	107⅞	+5.03
Gold Kalgoorlie 7½ 00	65	1.0554	127⅞	128⅝	+23.29
Hanson 9½ 06 £	500	2.5875	125⅛	125⅞	+16.25
Hawley Pref 6 02	400	19.1	134⅞	136½	
Land Secs 6¾ 02 £	84	6.72	110¾	111¾	-1.56
Lasmo 7¾ 05 £	90	5.64	92¾	93¾	
Mitsui Bank 2⅝ 03	200	2332.6	95¼	97¼	+39.57
Mount Isa Fin 6½ 97	100	2.283	103	104	+21.99
Natl Power 6¼ 08 £	250	4.33	127¾	129¼	+10.30
Ogden 6 02	85	39.077	95	97	+66.73
Smith Nephew 4 02 £	90	1.775	132½	133½	+51.25
Sumitomo Bank 3⅛ 04	300	3608.9	91⅞	92⅞	+38.21
Sun Alliance 7¼ 08 £	155	3.9	121⅛	122⅛	+17.17
Tesco Capital 9 05 £	200	2.51	127⅛	128⅛	[redacted]
Texas Instruments 2¾ 02	300	82⅞	103⅛	104⅛	[redacted]

* No information available - previous day's price
‡ Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the [redacted] the amount issued is in millions of currency units. Chg. day=Change on day.
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate (‡three-month §above mean rate) for US dollars. C.cpn=The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

UK GILTS PRICES

[illegible]

Other Fixed Interest

[illegible]

French acquisition gives access to advanced technology

Photo-Me in £38m purchase

By Andrew Bolger

Photo-Me International, the world's largest photo-booth manufacturer and operator, plans to [illegible] for a French company with technology which it believes will dominate the world market for self-service photography.

KIS, based in Grenoble, has developed a booth which [illegible] digital electronic technology. Customers can view themselves on a [illegible] screen and then *freeze* their favourite pose, receiving colour or black and white prints in a variety of formats.

[illegible] new generation of automatic booths [illegible] significantly better picture quality than conventional booths, and [illegible] permanent pictures than those provided by Photo-Me's thermal electronic booths.

Customers can also have their pictures taken with images of digitally-generated "partners" such as film stars. A modem in each booth will notify a central computer about [illegible] levels and breakdowns.

"The technology also offers the scope for substantial reductions in the capital costs of individual booths and the cost of consumables," Photo-Me said. Prototypes of the new booth are currently undergoing field testing in France.

Mr Dan David, chairman of Photo-Me, said: "Whilst the immediate impact of the [illegible] will be to dilute marginally earnings per share in the current financial year, we believe that the benefits of the transaction will begin to be felt in the following financial year."

Mr Serge Crasnianski, [illegible] and chairman of KIS, is already a non-executive director of Photo-Me, and his company is one of the UK's *company's biggest shareholders.*

Photo-Me yesterday reported flat pre-tax profits of £10.5m for the [illegible] months to October 31 on unchanged sales of £71.9m. It described the result as encouraging since the previous *period's profits had been* inflated by a £1.33m foreign exchange gain.

The board saw some signs of recovery from the worldwide recession and believed that, subject to [illegible] being no [illegible] rial movement in exchange rates, trading performance in the second half of the current year would be satisfactory.

"Trading in the UK and *US*, in particular, is starting to edge ahead and the downturns in continental Europe and Japan appear to have reached their low points."

Earnings per share dipped to 10.7p (10.76p), but the interim dividend is lifted by 7.1 per cent to 1.5p (1.4p).

■ COMMENT

Photo-Me's shares rose by 8p to 310p as analysts welcomed a deal which appears to make sense. The technology acquired seems to have real potential, although buying a product before it is in [illegible] production must involve some degree of risk. KIS reported only modest pre-tax profits of [illegible] on sales of £4m in 1992. However, Photo-Me is confident that – as a private company – profitability was not KIS's main concern, and this return can be improved. The deal certainly adds [illegible] interest to Photo-Me, which had [illegible] rather lacklustre, but it will be some time before the picture of possible rationalisation and operational savings becomes clear.

Cadbury in link-up for European expansion

By Guy de Jonquières, [illegible] Industries Editor

Cadbury Schweppes has joined [illegible] with Cott, Canada's largest soft drinks company, *to compete in the fast-growing* continental European market for private-label beverages sold by supermarkets.

The two companies have signed a five-year agreement, under which Cadbury bottling plants will produce drinks for a newly-formed Cott subsidiary in Europe. Cadbury has an option to acquire up to 49 *per cent of the subsidiary.*

As well as marking Cott's entry into Europe, the agreement will enable Cadbury to increase production at its bottling plants, [illegible] of which have spare capacity. The company has plants in Belgium, France, Germany, Portugal and Spain.

Though the deal is small, some industry observers said yesterday that it could lead to longer-term strains on Cadbury's existing network of relationships with Coca-Cola and PepsiCo, the world's largest soft drinks companies.

[illegible] and Pepsi are fighting to check rapid [illegible] share [illegible] in the UK by private-label colas, of which [illegible] is the leading producer. Private-label beverages are also gaining ground in British, French and Spanish supermarkets.

Coca-Cola [illegible] produce some Cadbury soft drinks in the US, and the companies jointly [illegible] Coca-Cola & Schweppes Beverages, Britain's biggest soft drinks producer.

The US is excluded from Cadbury's agreement with Cott.

Cadbury [illegible] Pepsi products in southern Spain and France and the companies recently began co-operating to sell soft drinks in eastern Europe, a region which is *untered* by *the [illegible]* agreement.

The deal is the latest in a series of recent moves by Cadbury to expand its beverages business internationally.

Alpha Airports valued at £211m in flotation

By David Blackwell

Alpha Airports Group, [illegible] trading as the airport [illegible] *division of Forte, finalised its* flotation yesterday, pricing its shares at 140p to produce a market capitalisation of £211.1m.

Forte will retain a [illegible] per cent stake in the company.

A total of 113.09m ordinary shares are being placed. Half will be firmly placed with institutions, while the remaining [illegible] per cent (39.58m shares) will be subject to a clawback to meet retail demand through intermediaries.

Mr Rocco Forte, Forte chairman, said he believed the flotation would provide a firm base for the long term development of Alpha. The £177.4m proceeds would be used to reduce Forte's borrowings and would enable it "to continue the development of our core hotel and restaurant businesses".

The total value of the flotation to Forte, including Alpha's assumption of [illegible] of £30m, is £241m.

Mr Paul Harrison, chief executive of Alpha, said the flotation would provide the [illegible] company with a springboard for further development. He is expecting to announce at least [illegible] flight catering joint ventures in the coming year.

Earlier this month Alpha forecast a 19 per cent rise in operating profits for the year to January 31 to £20.6m (£17.3m) *on turnover of £423.1m* (£404.8m).

Rodney Galpin, chairman, flanked by Paul Harrison (left) and Richard Gold, finance director: development springboard

Alpha's business is divided almost equally between catering for airlines and retail trading at airports. It expects profits of £14.7m (£13.1m) from the catering side on turnover of £210.1m (£197.5m). The retail side is forecast to be £213m ([illegible]) with operating profits of [illegible] (£4.2m).

[illegible] earnings per share are 8.75p, giving a p/e of 16. Notional [illegible] is 4.13p for a gross yield of 3.6 per cent. UBS [illegible] the flotation.

■ COMMENT

Alpha is [illegible] business that happen to operate at airports. The flight catering side looks set for continuing growth alongside increased international travel. It can also be argued that the consolidation of the airline industry will favour larger caterers. On the other hand, increased competition between airlines could lead to economies on catering. The retail side, much less profitable, needs to find a way forward when duty free shopping is due to end in the EU in 1999. With the City expecting earnings to grow to about 10p a share in the coming year, the price looks pitched about right both for Forte and potential investors. See Lex

Caledonian to buy Bank of Edinburgh

By John Gapper, Banking [illegible]

Caledonian Trust, a property investment company, intends to buy Bank of Edinburgh, the financial services company set up three years ago to buy small building societies, in order to use its *remaining capital.*

Caledonian said it intended to make an offer equivalent to the net asset value of Bank of Edinburgh, thought to be about £1m. It would use what remains of the company's original [illegible] capital to invest in property.

The offer was disclosed after *the announcement that Bank* of Edinburgh had given up its banking licence and was considering returning capital to shareholders. This followed its failure to acquire the [illegible] of England Building Society.

Mr Michael Baynham, an executive director of Caledonian Trust, said that it would make a formal offer following due diligence of Bank of Edinburgh. The offer would value it as a shell company with unused capital resources.

The board of Bank of Edinburgh has recommended that any offer be put to shareholders, including Scottish Amicable which holds a [illegible] per cent stake.

Ferranti management seeks backing for buy-out plans

By Paul Taylor

The team of Ferranti international managers which is preparing a bid for the bulk of the collapsed defence electronics group is seeking equity finance to back a full management and employee buy-out, or the management/employee element of a consortium bid.

A brochure outlining the management team's plans has been sent to institutions and banks.

The [illegible] team, led by Mr Phil Burton, Ferranti's director of marketing, told the *company's UK employees yesterday that "discussions with* institutions start this week".

The team is also exploring possible trade partners, "including companies from the UK and overseas".

However, in a "progress report" to employees the team, dubbed Newco, said that reports of a [illegible] price for Ferranti "do not accurately reflect the views of Newco management and are not representative of the value we place on the businesses".

Mr Murdoch McKillop and Mr John Talbot, the administrative receivers from Arthur Andersen who were appointed to the ailing group after GEC withdrew a 1p a share *[illegible] in December, have welcomed* the proposed management buy-out and other [illegible].

The management team, which is advised by Mr Richard Stone of Coopers & Lybrand Corporate Finance, said it understood there had been [illegible] expressions of interest in part or all of Ferranti.

"The Newco plans are now complete," the management team said. "They show a company which is profitable and capable of generating cash, although it needs early investment in people, products and facilities."

In the meantime Ferranti is continuing trading and *won £1.8m of new orders last* month.

Deal opens door to Ibos for banks

By John Gapper, Banking Editor

Royal Bank of Scotland and Banco Santander announced yesterday that EDS, the [illegible] services company, had bought a 32 per cent stake in Ibos, their cross-border electronic banking system, as part of a plan to open it to other banks.

The two banks said that Ibos, a system which allows banks to transfer cash between accounts in different countries *within seconds, would in* future be open to any bank which paid a subscription fee of about £50,000 a year.

Some 5 per cent of the new company will be offered to market Ibos as a technology platform will be owned by Goldman Sachs, the financial adviser to Ibos. The remaining [illegible] per cent will be split equally by the two founding banks and EDS.

Bank executives yesterday declined to say how much EDS and Goldman were paying for their stakes. However, shares in the new Ibos company are thought to have been priced at a premium to the £8m [illegible] invested in the development.

The founding banks said that EDS, which provides technology services to 7,000 companies around the world, was offered an equity stake because of its technical resources and ability to market the system among its other services.

Banks that use Ibos to transfer funds rather than systems such as Swift, the Brussels-based [illegible] system, although it [illegible] early investment by banks, will pay a fee per transaction. The Ibos partners believe that it will be cheaper than its competitors.

The other [illegible] partners in the former Ibos partnership, Banco de Comercio e Industria in Portugal and Credit Commercial de France, will remain in the alliance with [illegible] and Royal Bank that uses the technology to transfer payments.

CIA (UK) purchase

CIA (UK) Holdings, a wholly owned subsidiary of CIA Group, an independent buyer of advertising media, has *acquired The [illegible] Media* Group for up to [illegible].

Prices for stationery [illegible] for the purposes of [illegible] electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	[illegible] Prices for [illegible] Pool purchase price £/MWh	First Prices for Trading [illegible] Pool purchase price £/MWh	Pool selling price £/MWh
0030	17.87	[illegible]	18.17
0100	22.97	33.59	35.97
0130	22.97	38.15	40.53
0200	22.97	38.15	40.53
0230	22.97	33.59	35.97
0300	22.97	28.06	30.44
0330	22.97	26.04	28.41
0400	22.97	26.04	28.41
0430	18.00	22.38	24.76
0500	17.83	21.37	23.74
0530	17.86	20.32	22.70
0600	17.86	20.32	22.70
0630	17.86	20.32	22.70
0700	22.96	20.32	22.70
0730	23.00	20.32	22.70
0800	24.28	20.32	22.70
0830	23.78	18.04	18.04
0900	24.29	21.61	26.99
0930	26.40	23.74	26.12
1000	26.62	23.78	28.16
1030	26.62	24.59	26.97
1100	26.62	25.78	28.16
1130	26.52	[illegible]	28.16
1200	26.52	33.99	36.37
1230	26.51	33.99	36.37
1300	26.50	33.99	36.37
1330	24.28	33.99	36.37
1400	24.28	25.78	28.16
1430	23.48	24.24	26.62
1500	20.00	25.78	29.16
1530	23.01	16.22	16.22
1600	25.13	16.25	18.25
1630	26.87	26.78	28.16
1700	33.61	35.23	37.61
1730	54.41	38.15	40.53
1800	63.43	38.16	40.53
1830	44.96	35.23	37.61
1900	25.80	27.76	30.14
1930	25.45	26.78	29.16
2000	25.12	26.18	28.55
2030	25.06	26.18	28.55
2100	24.19	24.46	26.84
2130	22.98	24.46	26.84
2200	22.98	24.46	26.84
2230	22.98	24.46	26.84
2300	22.98	18.05	18.05
2330	17.85	18.01	18.01
2400	17.80	18.01	18.01

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.66/MWh becomes 1.666p/kWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by Energy Settlements and Information Services Limited. Anyone wishing to receive such information should telephone 0602-456789 between 8.30am and 5.15pm Monday to Friday.
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Cantors advances to £563,000

Improved trading and tight control of overheads and margins enabled Cantors, the furniture retailer, to report profits of £175,000 to £563,000 in the 26 weeks to October 31.

However, Mr Harold Cantor, chairman, said that trading in the second half had been difficult, affected by the uncertainty created by the November Budget.

[illegible] that new year sales had started well and if the [illegible] there would be an acceptable improvement in full year profits.

Mr Cantor said that the experimental format of [illegible] in retail parks was continuing satisfactorily. One was opened in the period under review [illegible] two more in [illegible]. Three more are planned before the end of the financial year.

The shares rose [illegible] to 340p.

Turnover rose by 4 per cent [illegible]. Trading profit was almost doubled at £656,000 (£336,000). The pre-tax result was helped by lower net interest charges of £93,000 (£161,000).

[illegible] per share came out at 2.42p (0.76p). The interim dividend is maintained at 1p.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres-ponding dividend	Total for [illegible]	Total last [illegible]
Cantors ...int	1	Apr 6	1	-	4
Clayhithe ...int	0.75	Mar 8	0.75	-	2.5
Domino Printing ...fin	5.3	Apr 8	[illegible]	7.95	[illegible]
I&S Isis ‡ ...int	[illegible]	-	-	-	-
Lonrho ...fin	[illegible]	Apr 6	2	4	4
M&G Dual ...fin	[illegible]	Feb [illegible]	36.55	[illegible]	69.1
Menvier-Swain § ...int	1.31†	Apr 6	1.1*	-	3.667*
Murray Markets ...int	1.42	-	[illegible]	-	4.2
[illegible] Intl ...int	[illegible]	Apr 7	1.4	-	4.6
Scot National ...int	1.55♥	Apr 7	1.55	-	[illegible]
Willoughby's ...fin	1	Apr 6	1.5	1.5	2.5

Dividends shown pence per share net except where otherwise stated. †On increased capital. *Equivalent after allowing for scrip issue. §USM stock. ‡Per convertible annuity share. ‡‡Making 11p to date. ♥First interim.

Weir continues move into oil and gas valve business

By Andrew Baxter

Weir Group is buying Valflow Engineering, a Derbyshire-based manufacturer of ball valves for the oil, gas and petrochemical industries, for an [illegible] sum.

The deal is part of Weir's expansion into the oil and gas valve business. Valflow will run as a [illegible] division of the group's Hopkinsons valve operation, and its management team will continue to run the business.

Valflow [illegible] annual sales of about £2m and was placed in receivership in November after hitting problems on a contract with British Gas.

Weir bought the company from the receivers, KPMG Peat Marwick.

Clayhithe cuts loss to £0.2m as recovery continues

The improved second half performance [illegible] by Clayhithe last year continued into the six months to September 30 with *pre-tax losses for* the finance [illegible] management programme [illegible] dropping from £1.09m to [illegible].

Turnover dipped to £16.3m against £16.5m. Operating profits were £162,000 (losses [illegible]).

Losses per share were 3.3p [illegible] compared with 9.6p, and 1.1p (4.7p) fully diluted. The interim dividend is maintained at 0.75p.

Continuing the disposal programme the group has agreed the sale of [illegible] Inspection, which designs and makes checkweighers and weight grading machines, to Graseby for £1.7m.

Dutch sell stake in IWP

By Tim [illegible] in Dublin

PLA, the Dutch holding company, has sold half of its [illegible] shareholding in IWP, the Irish industrial holding company, in a deal estimated to be worth some I£12m (£11.5m).

The shares were acquired by PLA in November last year as part of a complex I£51m acquisition by IWP of [illegible] Beheer, a PLA subsidiary, in which PLA subscribed for 6m [illegible] ordinary shares in IWP at 308p each.

It is understood that yesterday's sale of the shares to Dillon Reed [illegible] of the US, was at about [illegible] per share. Dillon [illegible] placed the shares with other institutions.

The terms of the original acquisition were that any sale of the new shares by PLA would require the prior consent of IWP. In a statement yesterday, IWP said it has agreed to the sale of half of the [illegible] holding, [illegible] company [illegible] and broadening of the shareholder base.

EFM Small Cos

EFM Small Companies Trust is considering the possibility of increasing its equity capital by means of an offer of conversion shares. The level of potential [illegible] will be [illegible] the next few days.

Any offer of conversion shares will be structured so as to ensure that there is no dilution of net asset value of the existing shares.

Growth expected to return this year, with first quarter well ahead

Domino Printing 24% lower at £9.1m

By Alan Cane

Shares in Domino Printing Sciences rose 47p to [redacted] yesterday despite [redacted] Cambridge-based continuous ink jet printer manufacturer reporting full-year f[redacted] shy of [redacted]tions.

Mr Roger Dye, finance director, said he believed the share movement reflected small trading volumes [redacted] confidence that the management had [redacted] rapidly [redacted] reverse its profits decline.

Profits before [redacted] for the [redacted] to October 31 fell by 24 per cent to £9.1m [redacted] on turnover 14 [redacted] higher at [redacted] (£71.6m).

Earnings [redacted] fell [redacted] cent [redacted] 23.07p, compared with 30.02p. A final dividend [redacted] 5.3p is proposed for a total of 7.95p (7.2p).

Mr Gerald Dennis, chairman, [redacted] the [redacted] from the board's [redacted] that [redacted] company would return to its traditional [redacted] of growth [redacted] profitability this [redacted] quarter [redacted] been [redacted] ahead of [redacted] same period in 1993.

Domino [redacted] to Videojet, [redacted] company [redacted] by GEC, in [redacted] market [redacted] led by UK companies. Growth in [redacted] by UK and [redacted] legislation requiring products [redacted] be marked with sell-by [redacted].

Continuous ink jet [redacted] expensive, however, [redacted] badly hit by [redacted]sion, especially in the [redacted] where [redacted] flat. There [redacted] renewed competition from Videojet in [redacted] US.

German [redacted] proved disappointing [redacted] the [redacted] merged [redacted] activities [redacted] with those of its Swiss [redacted] to give better and [redacted] economic market [redacted].

A [redacted] mimeographic [redacted] printing, [redacted]track, [redacted] £1.1m [redacted] quality problems [redacted] the delay of [redacted] product. Mr [redacted] Whitesmith, managing director, [redacted] a new management team had restored quality [redacted] field trials [redacted] been completed in October.

[redacted] move [redacted] commercial laser printing. [redacted] developed [redacted] ink with a [redacted] more acceptable [redacted].

■ COMMENT

[redacted] for [redacted] UK to [redacted] in [redacted] electronics technology [redacted] Domino's decline is disproportionately unsettling. [redacted] signs [redacted] recovery [redacted] US are moderately [redacted]aging [redacted] much will depend [redacted] how rapidly [redacted] jet [redacted] is maturing as statutory labelling of produce [redacted]elty. The [redacted] move into new technologies, however, [redacted]sive lesson [redacted] Packtrack [redacted] has £16.5m cash [redacted] spend. Negotiations are in [redacted] potential acquisitions. The [redacted] expects some £12m [redacted] profits [redacted] next year, giving [redacted] of earnings [redacted] 8.9p. At 485p, the [redacted] are undervalued.

Shandwick climbs back to the black with £4.8m

By [redacted]

Shandwick, one of the world's largest public relations companies, yesterday announced [redacted] return [redacted] the [redacted] with pre-[redacted] profits of £4.8m [redacted] to [redacted] 31, compared with a loss, [redacted] for FRS 3, of [redacted].

And the highly-indebted [redacted] renegotiated its sub[redacted] over a longer period, providing it [redacted] a [redacted] stable [redacted] on which to build its [redacted] business.

Turnover increased by [redacted] to [redacted] (£157m) [redacted] operating profit [redacted] exceptional items [redacted] (£8.5m).

Shandwick has [redacted] of [redacted] and banking facilities [redacted] renegotiated annually.

Following a [redacted] agreement, however, it will lock into a [redacted] loan [redacted] a fixed [redacted] for [redacted], with a further [redacted] loan continuing [redacted] annual basis.

Interest payments should fall from a 1993 figure [redacted].

Profits [redacted] been held back by earn-outs, or deferred acquisition payments, which amounted to £5.6m [redacted] year.

A further £8m [redacted] next four [redacted], of which [redacted] should fall during the [redacted] fiscal year.

Mr [redacted] Gummer, chairman, [redacted] outlook for 1994 [redacted] extremely positive.

The UK, continental Europe and [redacted] Pacific all performed ahead [redacted] budget [redacted] first [redacted] months.

The US, which [redacted] 50 per [redacted] turnover, had [redacted] slower start, but [redacted] succeeded in winning substantial new [redacted].

Mr John Huckle, finance director, [redacted] announced [redacted] resignation and will [redacted] replaced by Mr Roger Selman, who is currently group financial controller.

Earnings [redacted] share [redacted] the 12 months amounted to 6.4p, compared with [redacted] time of 4.7p. There will [redacted] dividend.

■ COMMENT

Shandwick is one [redacted] the [redacted] media agencies [redacted] survive [redacted] without a restructuring and, with [redacted] banking [redacted] in place, it [redacted]ing [redacted] position of [redacted] strength. [redacted] will be sustained [redacted] the [redacted] the [redacted] of [redacted]ments peter out. Analysts are forecasting pre-tax profits of £7m for the current [redacted]senting a p/e [redacted] 7.8, rising [redacted] some £8.5m in 1995. Concern will [redacted] possible rights [redacted] debt levels, but with [redacted] bank [redacted] and positive cash flow, Shandwick [redacted] now [redacted] further [redacted] in [redacted] price.

[redacted]utte AGM ends with demand for poll on resolutions

By Kenneth Gooding and Peggy Hollinger

A long [redacted] acrimonious annual meeting of Butte Mining in London yesterday [redacted] with [redacted] demanding [redacted] poll on all the resolutions put before them. The [redacted] will not be known [redacted] three [redacted].

[redacted] main activity [redacted] pros[redacted] US [redacted] – [redacted] up to $1bn (£600m) from former managers and promoters – and [redacted] of the shareholder-defendants were at yesterday's meeting.

They included [redacted] Clive Smith, the Midlands entrepreneur who was [redacted] promoter and former director [redacted] Butte, and his daughter, Fiona. But, unlike [redacted] his [redacted] colleagues, he remained [redacted] during [redacted].

However, many of the questions posed at the meeting came from Newsham Investments, which is understood to be an offshore vehicle for the Smith family interests.

Mr David Lloyd-Jacob, chairman, said the "unusual" Butte articles of association gave 30 days for [redacted] poll [redacted] announced, so he intended to write to all shareholders urging them [redacted] return proxies within 21 days.

It emerged [redacted] two-hour meeting [redacted] there are questions [redacted] a key [redacted] per [redacted] Butte shares, [redacted] by [redacted] taken by [redacted] Banquaire [redacted] Paris, apparently [redacted] loan payments.

[redacted] discovered at [redacted] had changed ownership, but [redacted] company [redacted] – suggesting [redacted] possible [redacted] UK company law. [redacted] has begun formal moves [redacted] establish the [redacted]cial ownership [redacted] shares.

[redacted] big [redacted] shares, 7 per cent, [redacted] by Edinburgh-based Waverley Mining Finance. Mr Willie McLucas, Waverley's [redacted]ing director, [redacted] after [redacted] meeting he [redacted] undecided [redacted] his votes.

His remarks during the meeting made it clear [redacted] did [redacted] present board – particularly [redacted] question of the value of Butte's former assets in Australia. On [redacted] other hand, Mr McLucas said he [redacted] particularly [redacted] to line up with [redacted] group.

Clive Smith: [redacted] silent during [redacted] meeting [redacted] to comment afterwards

[redacted] Lloyd-Jacob [redacted] closely questioned about [redacted] unique loan [redacted] £1.3m in November which give the [redacted] a share [redacted] any litigation proceeds [redacted] charge [redacted] all [redacted] company's [redacted]. He [redacted] of [redacted] to be identified, which caused Mr [redacted] Anderson, representing [redacted] the [redacted] shareholders, [redacted] complain: "It [redacted] loan [redacted] holders, a body [redacted] identified to ordinary shareholders, that control this company."

Mr Lloyd-Jacob said [redacted] out-of-court [redacted] of the US litigation was "improbable." He added: "Any [redacted] of prosecution is [redacted] default on [redacted] loan stock. [redacted] the company can [redacted] for and management thrown out, it will not be an [redacted] to shut down [redacted] law suit."

The chairman was [redacted] with[redacted] his supporters. [redacted]: "It [redacted] management's [redacted] company is [redacted] in [redacted] when some might [redacted] designed [redacted] disappear, [redacted] just another corporate [redacted]alty."

Beauford finance restructure

By Peter Franklin

[redacted] engineering and ceramics group, yesterday announced it had conditionally agreed [redacted] borrowings, [redacted] placing [redacted] rights [redacted].

[redacted] Holdsworth, chairman, [redacted] and the [redacted] injection resulting [redacted] placing [redacted] rights issue, and in [redacted] continuing [redacted] support, directors believed the group would be unable to [redacted] trading.

[redacted] proposed refinancing, [redacted] of [redacted] ordinary [redacted] receive one new 10p share for every 20 ordinary shares [redacted]. In addition, [redacted] group's [redacted] have agreed that £5m of borrowings owed [redacted] them [redacted] converted into [redacted] preference [redacted] convertible preference shares. The banks have also agreed to convert [redacted] further £2m [redacted] and [redacted] provide [redacted] for [redacted] company, subject [redacted] the implementation of the proposals.

In conjunction with the [redacted] conversion, Beauford [redacted] £4m [redacted] by way of [redacted] placing [redacted] 11.8m new ordinary [redacted] with institutional investors and [redacted] fully [redacted] rights [redacted] new shares [redacted] apiece [redacted] shareholders on a 1-for-10 basis.

A [redacted] of ½p [redacted] ordinary shares into [redacted] share of ½p and one deferred share of ½p is also proposed. The new ordinary [redacted] will then [redacted] on the [redacted] ordinary share of 10p for [redacted] new ½p shares. The [redacted] shares, which will have negligible value, will then [redacted]celled.

The [redacted] proceeds of [redacted] placing and rights issue, amounting [redacted] some £3.3m, will [redacted] reduce [redacted] borrowings.

NEWS DIGEST

Millwall buys investment company

Millwall Holdings, [redacted] USM-quoted football company, is buying Lakerose Properties, an investment holding [redacted], from Import [redacted] General Trading Corporation.

[redacted] is being satisfied by the issue [redacted].

[redacted] deal [redacted] holding to 40.8m shares [redacted] 12.49 [redacted] cent. Mr [redacted] Berardo, [redacted] director of I&G [redacted] president [redacted] Maritimo, the Portuguese foot[redacted] will become [redacted] executive director of Millwall.

Lakerose [redacted] valued at £1m. Its purchase will [redacted] substantially Mill[redacted] and enable [redacted] to expand further its leisure interests.

Millwall shares [redacted] unchanged [redacted] 4½p.

Specialeyes warns of second half loss

Specialeyes, the USM-quoted retail optician, expects [redacted] report a [redacted] for the [redacted] half [redacted] year to November [redacted] following difficult trading in [redacted] last two [redacted] its financial period, normally a [redacted] period.

[redacted] expected [redacted] lower than [redacted] after-tax [redacted] £339,000 reported [redacted] 24 [redacted] May 15. [redacted] there was a pre-tax deficit of [redacted].

[redacted] 2p to 14p.

M&G Dual net assets improve

[redacted] value [redacted] capital [redacted] Dual Trust rose from [redacted] to £31.99 [redacted] the [redacted] year. Available [redacted] edged [redacted] from [redacted] £4.04m.

Earnings per income share emerged [redacted] 70.34p [redacted] and [redacted] final dividend [redacted] 39.79p [redacted] a 70.34p (69.1p) total.

AJ Archer calls off acquisition talks

AJ Archer, [redacted] agency on [redacted] Lloyd's [redacted] London insur[redacted] market, [redacted] talks which could have led to it making [redacted] offer [redacted] London Wall Holdings had been discontinued.

Talks [redacted] companies began [redacted] September [redacted] after detailed consideration both boards had [redacted] call them [redacted].

Ivory & Sime Isis net assets rise

[redacted] value [redacted] share of the Ivory [redacted] Trust increased from 107.5p at [redacted] launch [redacted] June [redacted] 125.63p [redacted] December 31.

Net [redacted] amounted [redacted] months [redacted] that date, after tax [redacted] £101,000, giving earnings [redacted] convertible annuity [redacted] 12.71p.

A [redacted] interim dividend of [redacted] total [redacted] of 11p [redacted] convertible annuity, in line with forecast, and directors expect [redacted] 22p [redacted] for the full year.

Howden wins £27m Taipei order

Howden Group, the Glasgow-[redacted] engineering company, [redacted] Wirth, [redacted] specialist drilling subsidiary, had [redacted] order valued [redacted] about [redacted] for the supply [redacted] tunnel boring machines [redacted] Spie Batignolles, the French contractor.

[redacted] machines, scheduled for delivery in [redacted] first [redacted] of 1995, will [redacted] used in Taiwan for the excavation of two road tunnels linking Taipei with Pinglin.

Murray Smaller Markets assets rise

[redacted] value [redacted] ordinary [redacted] ordinary share of Murray Smaller Markets Trust [redacted] at [redacted] November [redacted]. That compared with 302.6p [redacted] months earlier and with 344.8p at the May [redacted] year-end.

Available [redacted] for the half year to end-November slipped from £1.28m [redacted] £1.17m, equal to earnings of 2.09p (2.28p) assuming full [redacted]sion [redacted] the [redacted] shares. The interim dividend [redacted] to 1.42p (1.35p).

[redacted] trust [redacted] from a large [redacted] a [redacted] selection [redacted] Asian, Latin American [redacted] European markets.

Menvier-Swain shares fall 30p after warning

By Andrew Bolger

Shares in Menvier-Swain Group fell by 30p to [redacted] after [redacted] emergency lighting and fire alarms company warned that its second-half results might be influenced by [redacted] sion in [redacted] continental Euro[redacted] markets.

Pre-tax profits advanced [redacted] per [redacted] to £4.1m in the six months [redacted] October 31, while [redacted] increased by [redacted] per cent [redacted] £33.8m.

Mr Roy McDowell, chairman, [redacted] the UK businesses were expected [redacted] perform well in the second half. Overall, he was confident that the full-year result would be an improvement [redacted] last year.

Having weathered recession in the UK, Mr McDowell [redacted] he was now pleased [redacted] report increases in both sales and profits for [redacted] UK emergency lighting and fire alarm companies.

"In the security market, Westminster performed strongly, but Menvier Security [redacted] a disappointing first half with sales taking longer to increase than originally expected. Transmould, [redacted] Irish subsidiary, performed strongly and [redacted] now a significant [redacted] tributor to [redacted] profits."

He said the group [redacted] seeing for the first time recessionary effects in [redacted] markets in continental Europe, "although not [redacted] the extent that [redacted] two years [redacted] in [redacted] UK."

Mr Roger Fletcher, chief executive, [redacted] £200,000 [redacted] in Germany reflected delays in introducing new, UK-manufactured products and post-acquisition rationalisation costs. There were no signs of [redacted] sion in France, but cost-cutting by [redacted] leading competitor in emergency lighting [redacted] reduced margins.

Earnings [redacted] to [redacted] (4.9p). In raising [redacted] 1.3p from a restated 1.1p, directors said they [redacted] taken into [redacted] current trading conditions [redacted] a desire [redacted] increase the proportion of [redacted] paid at [redacted] interim stage.

COMMENT

[redacted] share price fell sharply partly [redacted] figures [redacted] a little below expectations [redacted] partly because they had enjoyed [redacted] sharp run-up ahead of the announcement. Analysts revised their full-year forecasts from just over £10m to [redacted] £9.5m, but seem [redacted] that these numbers were caused by a combination of specific problems, rather than [redacted] deeper [redacted] of the group's expansionary strategy [redacted] Europe. The shares [redacted] prospective multiple of 19.5, [redacted] 13 [redacted] cent premium [redacted] market. That is justified by the group's track record [redacted] growing profits through recession, [redacted] buyers [redacted] level will [redacted] looking for long-term growth rather [redacted] immediate outperformance.

Where there's a wheel there's a way

Tim Burt on the latest move to resuscitate the Norton motorcycle business

The production line [redacted] Norton, [redacted] of Britain's most [redacted] motorcycle manufacturers, is silent. Beside it, [redacted] wrecked Norton Commander awaits repair – the victim of a Volvo which smashed through the fairing and severed the front wheel.

Held upright by [redacted] overhead chain, the motorcycle [redacted] bles a half-eaten [redacted] with its mechanical organs exposed.

[redacted] the motorcycle, Norton [redacted] has been crashed, almost written off and [redacted] in need of urgent repair.

[redacted] Rozanda Skalbania, [redacted] director of Norton Motors [redacted] – [redacted] Canada-based owner – admits it will be an uphill struggle to revive the company.

The workforce [redacted] the Shen[redacted] plant [redacted] Lichfield has [redacted] cut [redacted] in the early [redacted] to just 22. Motorcycle production [redacted] ceased [redacted] the [redacted] relying [redacted] service [redacted] repair [redacted] to pay the [redacted]

"We're going [redacted] have to expand," [redacted] Ms Skalbania. "It's taken a lot of goodwill by [redacted] workforce to keep it going [redacted] far."

The [redacted] stage in that expansion [redacted] announced this week when Wildrose, [redacted] Canadian investment vehicle which [redacted] October paid about C$1m (£500,000) for Norton's [redacted] and assets, unveiled plans for a reverse takeover in the US.

The takeover, giving Norton [redacted] listing on the [redacted] bulletin board in pink securities, is designed to help [redacted] company raise finance [redacted] restart production at Shenstone, launch [redacted] race [redacted] in North America and develop its rotary engine technology [redacted] new [redacted]

The vision, however, is [redacted] what removed from reality. Although the Norton [redacted] has enjoyed recent success, notably in [redacted] of [redacted] TT, Wildrose faces considerable obstacles in attracting investors.

Those obstacles [redacted] back to the mid-1980s, when Mr Philippe Le Roux began [redacted] reign [redacted] chief executive which saw Nor[redacted] embark [redacted] a disastrous expansion strategy.

Mr Le [redacted] sustain lossmaking motorcycle production by acquiring allegedly profitable companies. In [redacted] Norton acquired Pro-Fit, a US piping business, for $15m (£10m), but it [redacted] produce [redacted] income expected. Then in [redacted] it launched a bungled rights issue [redacted] acquire FUS, [redacted] German fasteners business, for £8.2m.

The City turned [redacted] back [redacted] Norton when [redacted] emerged that the Pro-Fit acquisition was completed only when [redacted] company resorted to high cost loans. More controversially, inspectors from the Department of Trade and Industry [redacted] called [redacted] when it [redacted] discovered that [redacted] company [redacted] trolled by Mr Jimmy Tildesley, then Norton chairman, profited from the FUS transaction.

Only 11.2 per cent of [redacted] shareholders [redacted] rights offer, leaving Mr Le Roux [redacted] his private company, Manstorm, with [redacted] £1.75m underwriting commitment [redacted] it could not meet.

Mr Le Roux, who resigned after the DTI announced [redacted] inquiry, [redacted] the inspectors: "I approached [redacted] Canadian firm called Ponderosa Investments run by Mr Nelson Skalbania, both on the amount [redacted] required and when I had difficulty covering my [redacted] obligation on [redacted] amount as well."

Mr Skalbania, Rozanda's father, did not oblige but [redacted] was aroused in Norton.

Following Mr Le Roux's departure, he began [redacted] court the company in earnest. First [redacted] brokered Norton's [redacted] disposal of FUS [redacted] Westgroup Corporation of Canada. The company, which cost £8.2m, [redacted] sold for £50,000 cash with DM17m (£6.6m) in liabilities.

Then in January [redacted] – shortly before the Serious Fraud [redacted] began [redacted] ongoing investigation into [redacted] Le Roux's management – [redacted] bania approached his [redacted] sor, Mr David MacDonald, [redacted] an [redacted] buy the company.

Mr MacDonald, who [redacted] appointed in [redacted] at the insis[redacted] of disgruntled creditors, agreed [redacted] consider [redacted] tion [redacted] could demonstrate it had C$4m [redacted] and that [redacted] single shareholder would control [redacted] than [redacted] per cent of [redacted]

This, he says, [redacted] to do. Concern mounted [redacted] Mr Skalbania's role when [redacted] emerged he [redacted] facing fraud, [redacted] forgery charges in Canada relating to a collapsed property deal.

Hopes [redacted] Norton refinancing oppor[redacted] through the [redacted] Exchange [redacted] when [redacted] company [redacted] suspended for [redacted] to provide [redacted] on [redacted] proposed [redacted]

The affair culminated [redacted] September [redacted] Mr [redacted] resigned after accusing Wildrose of trying to buy Norton at [redacted] knock-[redacted] price [redacted] assuming any of [redacted]

[redacted] told [redacted] than £7m, [redacted] Midland Bank, [redacted] could no longer protect the [redacted]ny.

Having earlier disposed [redacted] Pro-Fit and FUS, [redacted] old Nor[redacted] Group was wound up in [redacted] after Wildrose purchased the motorcycling interests.

Concern that the C$1m price [redacted] for [redacted] low has been heightened by a Wildrose business plan which values the assets and ongoing business at £3.7m.

Documents filed at Companies House, however, show that the takeover was not funded [redacted] Wildrose but by [redacted] from two Dutch finance companies: Verfin and Waag of Amsterdam.

Both these companies [redacted] thought to be linked to Mr Roberto Aquilini, a Skalbania business [redacted] who con[redacted] 10 [redacted] cent of Norton and [redacted] listed [redacted] a director.

Industry analysts [redacted] that the loans and suspension [redacted] Wildrose on the Alberta exchange reflect a [redacted] of working capital behind the company.

Rozanda Skalbania, who is running Norton, is undaunted. Standing on the shop floor at Shenstone, she says: "Working capital [redacted] coming. [redacted] arrives [redacted] we [redacted] it. [redacted] involves [redacted] lot of individuals who don't want their names mentioned."

The listing, she insists, will give the famous company the financial muscle to expand.

Analysts are not so sure. One said yesterday: "They are not in a position to build anything. The factory is in a terrible state. They couldn't produce a motorcycle even if they wanted to."

Trevor Humphries

Rozanda Skalbania: [redacted] listing will give [redacted] financial [redacted] expand

Willoughby's falls after mining setback

A decrease arising mainly from [redacted] mining operations, where production was [redacted] a reduced level, [redacted] pre-tax profits of Willoughby's Consolidated declined from [redacted] restated £1.79m [redacted] £1.64m in the year [redacted] Sep[redacted]

The result included a £34,000 profit (£714,000 loss) share from the Northchart Investments associate, attributable to a reduced [redacted] sale of investments. As [redacted] result of an accounting change, profit [redacted] disposal of investments is [redacted] calculated according [redacted] book value of investments rather than original cost.

Turnover climbed [redacted] £11.8m (£11.1m). Earnings per share slipped from 16.2p [redacted] 14.8p and [redacted] final dividend of 1p [redacted] total for the [redacted] of 1.5p (2.5p).

Triton Europe hit by lower Brent oil prices

The combination of lower Brent oil prices and a [redacted] in French production [redacted] blamed by Triton Europe [redacted] swing from profits [redacted] £18,000 to pre-tax [redacted] of [redacted] November [redacted]

Turnover fell [redacted] £6.94m (£9.37m). Interest [redacted] rose to £166,000 (£138,000) but foreign exchange gains [redacted] £108,000 (£868,000). Losses worked through [redacted] 2.45p (earnings 0.07p). Cash [redacted] investments [redacted] £7.14m, equal [redacted] 8.7p [redacted] share.

Earlier this month Triton Energy, [redacted] independent US [redacted] and [redacted] company, made an agreed offer [redacted] acquire [redacted] minority interests in the com[redacted] – it currently [redacted] a 59.47 [redacted] stake.

BM makes £6.4m Australian disposal

BM Group [redacted] continuing its restructuring with the sale for A$13.5m (£6.4m) of its 51 per [redacted] stake in Blackwood Hodge (Australia), the construction [redacted] mining equipment com[redacted]

[redacted] disposal, which [redacted] expected [redacted] reduce [redacted] borrowings by about £7.1m, is being made by [redacted] Hodge Overseas Holdings subsidiary.

The purchasers are Marubeni and Hitachi, which already hold [redacted] Blackwood Hodge (Australia). The remaining 3 [redacted] is held by another Japanese manufacturer, Tadano, for whom [redacted] (Australia) [redacted] as [redacted] distributor in Australia.

In the year to June 30 [redacted] (Australia) incurred losses of A$1.7m (A$1.89m profits).

Berry Birch & Noble issues profit warning

Directors of Berry [redacted] & Noble, [redacted] USM-quoted con[redacted] provides insurance, pension [redacted] planning services, warned [redacted] profits for the year to January 31 [redacted] likely [redacted] fall short [redacted] market expectations.

The shares dropped 30p to 155p.

The directors [redacted] that indications pointed to some £200,000 for the [redacted] half, making £660,000 [redacted] 12 months, against £1.06m [redacted] time.

They said, however, that turnover [redacted] £7m, compared [redacted] £6.4m.

Mr [redacted] Berry, chairman, [redacted] the outlook [redacted] encouraging and that the final [redacted] be maintained at 3.3p.

Compromise reached on tropical timber pact

By Frances Williams in Geneva

Fifty tropical timber producing and consuming nations are [redacted] today to adopt [redacted] accord on timber trade and conservation after four rounds of arduous negotiations spanning two [redacted]

But the deal [redacted] failed to win the approval [redacted] conserva-[redacted]

The pact, which succeeds [redacted] International Tropical Timber Agreement, [redacted] expected [redacted] come into [redacted] in February [redacted] an initial period [redacted] four years.

Success [redacted] finally achieved [redacted] sides [redacted] a compromise on producer [redacted] *temperate timber* [redacted] as tropical timber [redacted] subject [redacted] the same forest preservation requirements. Under [redacted] pact, all tropical timber exports are supposed [redacted] from sustainably managed forests by the year 2000.

Consuming countries, which include the US, the European Union, Canada and Russia, will issue [redacted] "formal statement" pledging to respect comparable conservation guidelines for *their own forests. However,* the statement is not part of the [redacted] *accord* [redacted] not legally binding.

Consumers [redacted] also [redacted] to set up [redacted] fund, known as the "Bali Partnership Fund", [redacted] aid producers in their [redacted] meet [redacted] objectives. No target figure for the fund is [redacted] in the draft [redacted]

Environmental [redacted], concerned about the degradation of temperate forests, have expressed disappointment that temperate and [redacted] woods [redacted] excluded from the pact. The $7.5bn a [redacted] trade in tropical timber – logs, plywood and [redacted] – represents [redacted] 10 [redacted] of total timber trade.

"Both producers and [redacted]sumers agreed behind closed doors [redacted] a compromise [redacted] leave the world's [redacted] endangered as ever", the World Wide Fund for Nature [redacted] Monday.

The possible inclusion of [redacted] from temperate [redacted] boreal forests in the [redacted] agreement will [redacted] up for discussion again in [redacted]

Negotiators suggested that producers [redacted] likely [redacted] *reluctant* [redacted] the pact if [redacted] clear [redacted] by [redacted] towards sustainable [redacted] management by that time.

India struggles to cover shortfall in jute crop

By Kunal Bose in Calcutta

In [redacted] desperate bid [redacted] improve [redacted] supply of [redacted] jute, [redacted] Indian jute mill industry is trying [redacted] organise [redacted] of fibre from all possible [redacted]

According [redacted] traders, Indian mills [redacted] been able to buy nearly [redacted] bales (180kg each) from Bangladesh. But as [redacted] country suffered [redacted] major setback in jute production this [redacted] it is [redacted] *position to* [redacted] *the full Indian* import requirement. [redacted] Indian mills are, therefore, exploring the non-traditional markets like Vietnam and China, according [redacted] industry officials.

One mill has already imported 15,000 quintals (equivalent [redacted] about [redacted] bales) of jute from Vietnam [redacted] *says* [redacted] *further imports* will be made from that source provided [redacted] "the quality of the [redacted] lot is found satisfactory".

"We have received quotations for the Chinese jute from some Singapore-based traders," [redacted] adds.

"The Chinese jute, [redacted] equivalent to [redacted] benchmark grade TD-5, [redacted] been offered [redacted] Rs220 (£4.70) a quintal higher than the prevailing Indian price. The mills have [redacted] *whether it is* [redacted] import Chinese jute [redacted] of [redacted] a quintal," [redacted] Indian Jute Mills Association [redacted]

[redacted] fact remains, however, [redacted] neither Vietnam [redacted] much surplus jute for export.

[redacted] *Indians have* [redacted] a [redacted] in Thailand which, [redacted] *itself* [redacted] a jute importer. But they will [redacted] able [redacted] buy [redacted] fibre from Nepal, according to industry officials.

Federal government [redacted] admit [redacted] agriculture ministry [redacted] wide [redacted] the mark in August [redacted] made [redacted] jute crop [redacted] 7.4m bales [redacted] the [redacted] (July [redacted] June). According to [redacted] S.S. Chattopadhyay, jute commissioner, "the crop in [redacted] current [redacted] *could* [redacted] to [redacted] bales."

The trade maintains, however, [redacted] not more [redacted] bales. [redacted] India produced 7.4m [redacted] jute.

Because [redacted] failure, the prices [redacted] jute, particularly of the better varieties, have hardened considerably. [redacted] *TD-5 grade is quoted* [redacted] about [redacted] a quintal, compared with [redacted] in January last year and Rs619 [redacted] the [redacted] of this [redacted]

According to [redacted] IJMA, which has estimated a crop [redacted] total availability [redacted] fibre during [redacted] will [redacted] 8.66m bales, including opening stocks of [redacted] bales and imports [redacted] 300,000 bales. But [redacted] annual consumption [redacted] fibre by [redacted] mills [redacted] about [redacted] bales and [redacted] non-mill requirement [redacted] 550,000 bales, end-season stocks will be insignificant.

The Indian jute season begins in July, but the crop [redacted] do [redacted] gaining momentum until about the middle [redacted] September.

"The industry faces a big cri[redacted] the *opening* stocks are [redacted] than 1.8m bales", [redacted] industry [redacted] According to IJMA [redacted] about 24 of the country's 73 mills have "very low stocks of jute".

The growers have already sold their jute and, anticipating a further rise in prices, the middlemen have cornered a good quantity of fibre. So the weaker mills, which constitute the greater part of the industry, are finding it increasingly difficult to buy jute at the current prices.

According to the industry officials, the jute commissioner will soon be required to invoke his powers under the jute control order to fix the maximum prices of fibre, put a limit to the stocks of jute that a mill may maintain and also regulate the industry's production. Otherwise, as has been seen in the past years of crop failures, there will a random closure of mills.

Australians welcome Chinese decision to cut wool tariff

By Nikki [redacted]

[redacted] *is* [redacted] *to have* decided [redacted] reduce [redacted] tariff on Australian shorn [redacted] 15 [redacted] cent – [redacted] second concession the country has made [redacted] the Australian wool industry in recent *months.*

The decision has [redacted] yet [redacted] formally announced in Beijing, *but is likely to* [redacted] part [redacted] series of tariff [redacted] by the Chinese government next month. However, [redacted] decision – effective from January 1 and "in recognition [redacted] the exchange [redacted] *effects of* [redacted] *recent* [redacted] *of the Chinese* currency" – [redacted] common knowledge and [redacted] formally welcomed yesterday by [redacted] Australian [redacted] ministries.

[redacted] November, [redacted] agreed [redacted] reduce [redacted] on Australia processed wool from 20 to [redacted] per cent. The latest [redacted] will [redacted] *subject* [redacted] *review* [redacted] 12 [redacted] Yesterday, Australian government officials [redacted] latest move as "another [redacted] in the right direction" and [redacted] they [redacted] for [redacted] tariff [redacted]

China [redacted] become an extremely important [redacted] for [redacted] Australian wool industry. *In the first 10 months of 1992-3,* the country was the largest single importer of Australian wool, with volumes rising by some 80 per cent of their equivalent levels in the previous year. Top-level discussions aimed at securing tariff reductions have been under way for several months.

Price rises forecast for lead and zinc

[redacted] Nikki [redacted]

Zinc and lead prices [redacted] forecast [redacted] climb back fairly strongly in [redacted] from their extremely depressed current levels, but will probably turn down again in [redacted] and [redacted] remain [redacted] into [redacted] next [redacted]tury.

According [redacted] the [redacted] Mineral Economic research consultancy, [redacted] price [redacted] *could average about* [redacted] a tonne in 1994, compared with [redacted] a [redacted] in 1993. "Supplies [redacted] lead in concentrate, which are extremely tight, will remain so until [redacted], forcing metal inventories [redacted] reduce to 'normal' [redacted] in 1994," it says. "In these circumstances, it *must* [redacted] *predicted* [redacted] lead prices will [redacted] overshoot 'normal' levels, within [redacted] coming [redacted] months."

However, [redacted] forecasters [redacted] on to [redacted] lead price usually experiences short peaks and long slumps, [redacted] they expect a [redacted] *to "slump conditions" after* 1995, when they predict [redacted] price will reach [redacted] tonne. [redacted] the year 2005, they predict that the price will [redacted] (at [redacted] values).

[redacted] the zinc front, they [redacted]

LME WAREHOUSE STOCKS		
[redacted]		
Aluminium	[redacted]	to [redacted]
[redacted]	[redacted]	to [redacted]
Copper	-1,150	to [redacted]
Lead	[redacted]	to [redacted]
Nickel	-366	to 128,112
Zinc	[redacted]	to [redacted]
Tin	[redacted]	to [redacted]

[redacted] that "the current shortage [redacted] can [redacted] anticipated [redacted] bring about [redacted] reduction in both [redacted] production and stocks in 1994, *thus providing the basis for* prices [redacted] return [redacted] viable levels".

They predict that the zinc price will average about US$1,125 [redacted] in [redacted]. It [redacted] forecast [redacted] peak at around US$1,625 in [redacted] and then [redacted] downwards for the rest of [redacted] decade.

● Australia's coal [redacted] being threatened by 24-hour "stop work" meetings, [redacted] work[redacted] consider [redacted] implications of *prices cuts agreed between* [redacted] nation's [redacted] producers [redacted] Japanese [redacted]

[redacted] John Maitland, president of [redacted] United [redacted] Federation, [redacted] meetings would be held [redacted] two weeks starting [redacted] February 8, [redacted] would [redacted] one-day closures [redacted] *various mines.*

BHP Australia Coal announced [redacted] Monday that its negotiations had resulted in price [redacted] around eight [redacted] cent, and that shipments would [redacted] curtailed. News of the outcome of the negotiations [redacted] coal-related shares *lower yesterday on* [redacted] Australian Stock Exchange, with CRA, BHP, QCT Industries and Coal [redacted] Allied among the companies affected.

[redacted] analysts warned that [redacted] possibility of similar [redacted] iron ore prices [redacted] also compounding the market's [redacted]

Central Americans boost coffee plan

By Edward Orlebar

Central American coffee *officials hope their decision to* [redacted] export price of 80 cents [redacted] pound, fob, will add [redacted] aggressive edge [redacted] per cent export retention plan already [redacted] place.

The move, agreed [redacted] Friday [redacted] meeting in Guatemala City, followed [redacted] similar decision by neighbouring Colombia, [redacted] world's second biggest coffee producer after Brazil. Colombia's minium export price is [redacted] pound.

Under the retention plan adopted by the world's major coffee exporters [redacted] October 1, [redacted] cent of arabica coffee is withheld from the [redacted] market [redacted] International Coffee [redacted] Organisation's composite [redacted] price [redacted] under 75 [redacted] pound.

The Guatemala City meeting [redacted] was attended by officials [redacted] Colombia and from other Central American countries, was [redacted] assess progress on the retention plan, which was [redacted] the beginning [redacted] the [redacted] coffee year.

[redacted] mood delegates [redacted] that all the countries present, which represented the [redacted] of [redacted] world's arabica exports, were complying with [redacted] retention scheme, the [redacted] of which would [redacted] begin to be felt in the market.

"The plan is meeting its objective," said Mr Herbert de Sola, El Salvador's [redacted] negotiator. "In 3 [redacted] stocks have dropped by [redacted] *bags* [redacted] *each).*"

In [redacted] three months from October 1, Central American exports reached 1.1m bags, with [redacted] further [redacted] bags [redacted] in [redacted] warehouses [redacted] region, [redacted] said.

According to [redacted] Montes, Guatemala's ambassador [redacted] International [redacted] Organisation, [redacted] preliminary [redacted] Central America's exportable crop [redacted] was 8.5m bags, down sharply from [redacted] 11.8m bags exported [redacted]. But the final export figure would [redacted] under 7m bags if retention [redacted] applied [redacted] 20 [redacted] throughout [redacted] year.

MARKET REPORT

Cocoa gains trimmed

A late bout of selling trimmed back COCOA prices yesterday after another abortive attempt to break through upside resis[redacted]

"The market may yet move higher," said one trader, [redacted] at the moment it doesn't seem [redacted] have any real life to it."

Selling from one [redacted] in particular [redacted] Commodity Exchange's [redacted] futures posi[redacted] retreated from its early peak of £924 a tonne to close at £916, up £4 on the day.

[redacted] COFFEE [redacted] had [redacted] a promising beginning, [redacted] March breaking through initial [redacted] a tonne, in buying possibly linked to interest from some of the smaller funds, traders said. But profit taking eroded the gains and by the close the price was down $8 on the day at $1,184 a tonne.

At the London Metal Exchange ALUMINIUM was helped by late commission house buying, encouraged by underlying support above $1,200 a tonne for three moths metal. The market was also aided by caution ahead of Friday's deadline for producing nations to agree a pact on curbing production. Final business was at $1,210, up $17.

Compiled from Reuter

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE

([redacted] from [redacted] Trading)

■ ALUMINIUM, [redacted] PURITY ($ per tonne)

	Cash	3 mths
Close	1066-87	1204-205
Previous	1172.5-73.5	[redacted]
High/low	1186	1211/1200
AM Official	1185.5-86	[redacted]
[redacted]		1209-10
Open int.	[redacted]	
Total daily turnover	[redacted]	

■ ALUMINIUM ALLOY ($ per tonne)

Close	1033-36	1058-59
Previous	1028-32	1062-55
High/low		[redacted]
AM Official	1033-36	1058-59
Kerb close		1058-69
Open int.	3,001	
Total daily turnover	490	

■ LEAD ($ per tonne)

Close	505.5-6.5	519-21
Previous	504-5	517-17.5
High/low		525/516
AM Official	504.5-5.0	517-18
Kerb close		520-21
[redacted] int.	32,155	
Total daily turnover	4,969	

■ NICKEL ($ per tonne)

Close	[redacted]	[redacted]
Previous	[redacted]	[redacted]
High/low		[redacted]740/5660
AM Official	[redacted]	5700-705
Kerb close		5730-40
Open int.	60,776	
Total [redacted] turnover	[redacted]	

■ TIN ($ per tonne)

Close	5010-20	5060-70
Previous	4955-65	5010-20
High/low	4996	[redacted]
AM Official	4995-96	5047-50
Kerb close		5060-90
Open int.	17,461	
Total daily turnover	[redacted]	

■ ZINC, special high grade ($ per tonne)

Close	[redacted]	1017-17.5
Previous	997.5-8.5	1017-18
High/low		1024/1012
AM Official	1001-2	1021-21.5
Kerb close		1015-17
Open int.	[redacted]	
Total daily [redacted]	[redacted]	

■ COPPER, grade A ($ per tonne)

Close	[redacted]	[redacted]
Previous	[redacted]	[redacted]
High/low	[redacted]	[redacted]
AM Official	[redacted]	[redacted]
Kerb close		1879-80
Open int.	[redacted]59,245	
Total daily turnover	53,693	

■ LME AM Off[redacted] £/$ rate: 1.4935
LME Closing £/$ rate: 1.4927

Spot:1.4930 3 mths:1.4851 [redacted] 9 mths:1.4744

■ HIGH GRADE COPPER (COMEX)

	Close	Day's [redacted]	High	[redacted]	Open int	Vol
Jan	86.40	-0.05	[redacted]	86.30	657	209
Feb	[redacted]	[redacted]	[redacted]	[redacted]	1,143	62
Mar	86.50	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Apr	[redacted]	[redacted]	[redacted]	86.60	743	33
[redacted]	[redacted]	-0.05	[redacted]	85.70	9,586	[redacted]
Jun	[redacted]	[redacted]	86.60	86.30	[redacted]	1
Total					[redacted]	6,651

PRECIOUS METALS

■ LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (Troy oz.)	$ price	£ equiv.
Close	382.10-382.50	
Opening	383.00-383.40	
Morning fix	382.90	256.292
Afternoon [redacted]	382.00	255.535
Day's High	383.10-383.50	
Day's Low	381.70-382.10	
[redacted]	[redacted]	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	2.69	6 months	2.73
2 months	2.70	12 months	2.83
3 months	2.71		

Silver Fix	p/troy oz.	US cts equiv.
[redacted]	343.60	513.25
3 months	[redacted]	516.85
6 months	352.15	521.00
1 year	360.50	530.40
Gold Coins	$ price	£ equiv.
Krugerrand	384-387	257-260
[redacted]	392.60-395.05	
[redacted]	90-93	60-63

PRECIOUS METALS

■ [redacted] COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Open int	Vol.
[redacted]	[redacted]	+0.2	383.2	381.4	45,952	42,721
Mar	[redacted]	[redacted]	-	-	70	[redacted]
[redacted]	383.5	+0.2	[redacted]	383.5	[redacted]	14,775
[redacted]	385.5	[redacted]	387.0	385.5	[redacted]	[redacted]
[redacted]	[redacted]	+0.2	[redacted]	[redacted]	[redacted]	[redacted]
Oct	[redacted]	+0.2	[redacted]	[redacted]	3,294	87
Total					[redacted]	82,940

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

Jan	[redacted]	-0.5	382.0	[redacted]	52	4
Apr	382.2	-0.5	[redacted]	381.1	14,139	2,133
[redacted]	383.7	-0.5	[redacted]	[redacted]	[redacted]	39
Oct	385.2	-0.5	386.0	[redacted]	359	59
[redacted]	[redacted]	-0.5	-	-	144	3
Total					[redacted]	[redacted]

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

Mar	123.80	-0.10	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	-0.10	[redacted]	[redacted]	1,289	29
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	91	-
[redacted]	[redacted]	-0.10	-	-	75	-
Total					[redacted]	84

■ SILVER COMEX (100 Troy oz.; $/troy oz.)

Jan	[redacted]	-1.8	-	-	1	-
Feb	[redacted]	-1.8	-	-	1	-
Mar	510.7	-1.8	516.5	508.0	66,045	22,284
May	514.1	-1.7	519.5	512.0	15,437	1,227
[redacted]	517.2	-1.7	524.0	[redacted]	[redacted]	[redacted]
Sep	[redacted]	-1.7	[redacted]	[redacted]	[redacted]	[redacted]
Total					[redacted]	[redacted]

ENERGY

■ [redacted] OIL [redacted] ([redacted],000 US galls. [redacted])

	Latest price	[redacted]	[redacted]	Low	Open int	[redacted]
Mar	[redacted]	-0.01	[redacted]	[redacted]	[redacted]	[redacted]
Apr	15.23	-0.02	[redacted]	15.14	48,612	25,036
May	[redacted]	-0.06	[redacted]	[redacted]	[redacted]	[redacted]
Jun	[redacted]	[redacted]	[redacted]	[redacted]	41,391	[redacted]
Jul	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Aug	15.75	[redacted]	[redacted]	15.75	12,445	714
Total					407,296	92,408

■ CRUDE OIL IPE ($/barrel)

	[redacted]	[redacted]	[redacted]	Low	Open [redacted]	Vol
Mar	[redacted]	[redacted]	14.26	[redacted]	[redacted]	[redacted]
Apr	13.95	[redacted]	14.11	[redacted]	[redacted]	[redacted]
May	[redacted]	[redacted]	14.16	[redacted]	[redacted]	[redacted]
Jun	14.13	[redacted]	[redacted]	14.12	[redacted]	[redacted]
Jul	14.30	-0.06	14.41	14.28	6,860	207
Aug	14.55	+0.03	14.54	14.53	3,710	29
Total					[redacted]	[redacted]

■ HEATING OIL NYMEX ([redacted],000 US galls; c/US [redacted])

	Latest [redacted]	Day's [redacted]	[redacted]	[redacted]	Open int	Vol
Feb	[redacted]	+0.41	[redacted]	48.10	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Apr	[redacted]	+0.05	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	-	[redacted]	[redacted]	[redacted]	[redacted]
Jul	45.20	-0.05	[redacted]	[redacted]	[redacted]	[redacted]
Total					[redacted]	[redacted]

■ GAS OIL IPE ($/tonne)

	[redacted]	Day's [redacted]	[redacted]	Low	Open int	Vol
Feb	[redacted]	+0.50	[redacted]	[redacted]	[redacted]	[redacted]
Mar	[redacted]	[redacted]	[redacted]	143.25	[redacted]	[redacted]
[redacted]	[redacted]	+1.25	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	142.50	+0.25	[redacted]	[redacted]	[redacted]	[redacted]
Jul	144.25	-	[redacted]	[redacted]	[redacted]	[redacted]
Total					[redacted]	[redacted]

■ NATURAL GAS NYMEX (10,000 mmBtu; [redacted])

	Latest price	[redacted]	[redacted]	Low	Open int	Vol
Mar	[redacted]	-0.028	[redacted]	2.220	[redacted]	31,906
Apr	[redacted]	-0.017	[redacted]	2.120	[redacted]	13,912
[redacted]	2.085	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Jun	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Jul	2.035	-0.010	[redacted]	[redacted]	7,171	1,176
[redacted]	[redacted]	-0.010	[redacted]	2.040	[redacted]	[redacted]
Total					121,321	[redacted]

■ UNLEADED [redacted]
NYMEX (42,000 US galls; c/US galls.)

	Latest price	Day's change	[redacted]	Low	Open int	[redacted]
Feb	[redacted]	+0.19	[redacted]	[redacted]	23,113	[redacted]
Mar	43.75	-0.22	[redacted]	[redacted]	[redacted]	[redacted]
Apr	[redacted]	-0.17	[redacted]	[redacted]	[redacted]	[redacted]
May	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Jun	47.45	-0.39	47.95	[redacted]	11,410	517
Jul	47.65	-0.45	48.00	47.65	[redacted]	60
Total					[redacted]	[redacted]

GRAINS AND OIL SEEDS

■ [redacted] LCE (£ [redacted] tonne)

	[redacted] price	[redacted] change	High	Low	Open int	Vol
Mar	99.60	+0.25	99.35	[redacted]	1,749	27
May	100.60	+0.25	00.50	[redacted]	[redacted]	57
Jan	101.10	+0.30	[redacted]	[redacted]	197	5
[redacted]	90.20	[redacted]	90.00	90.00	159	8
Nov	91.30	+0.10	91.30	91.30	749	35
[redacted]	[redacted]	-	-	-	-	-
[redacted]					[redacted]	[redacted]

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

Mar	[redacted]	-2/0	380/4	374/0	115,310	25,100
May	354/4	-1/4	357/4	352/4	42,065	4,745
Jul	338/6	-1/6	341/4	337/2	[redacted]	9,090
Sep	339/4	-1/4	[redacted]	338/2	11,515	1,405
[redacted]	347/0	-2/0	[redacted]	345/4	[redacted]	1,665
Jul	325/0	-	-	-	25	-
Total					[redacted]	[redacted]

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

[redacted]	[redacted]	-1/0	[redacted]	[redacted]	[redacted]	[redacted]
May	[redacted]	-1/2	[redacted]	[redacted]	[redacted]	[redacted]
Jul	[redacted]	-1/2	[redacted]	304/6	395,100	31,125
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	2,225
[redacted]	[redacted]	-	[redacted]	[redacted]	211,250	14,330
Mar	[redacted]	-	278/0	275/0	13,305	1,235
Total					[illegible]	265,425

■ BARLEY LCE (£ per tonne)

Mar	104.00	-0.50	-	-	715	-
May	105.50	-0.50	-	-	[redacted]	-
[redacted]	[redacted]	[redacted]	[redacted]	92.25	40	20
[redacted]	94.80	[redacted]	[redacted]	94.50	58	6
[redacted]	[redacted]	-	-	-	21	-
Total					1,016	25

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

Mar	696/4	[redacted]	698/0	[redacted]	[redacted]	[redacted]
May	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Jul	705/2	+0/4	705/4	700/2	170,520	24,370
Aug	696/2	+1/2	698/4	693/4	[redacted]	[redacted]
Sep	[redacted]	+4/6	676/4	[redacted]	17,775	620
[redacted]	669/2	+3/6	[redacted]	[redacted]	[redacted]	[redacted]
Total					[redacted]	[redacted]

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

Mar	[redacted]	-0.05	29.78	[redacted]	40,686	9,793
May	29.62	+0.02	29.63	[redacted]	21,252	2,991
Jul	29.23	[redacted]	29.25	[redacted]	[redacted]	1,537
Aug	[redacted]	+0.17	[redacted]	28.44	[redacted]	[redacted]
[redacted]	26.05	[redacted]	[redacted]	[redacted]	[redacted]	40
[redacted]	[redacted]	+0.25	27.25	[redacted]	[redacted]	156
Total					98,865	18,222

■ SOYABEAN MEAL CBT (100 tons; $/ton)

Mar	[redacted]	[redacted]	[redacted]	194.8	36,440	[redacted]
May	196.8	+0.5	[redacted]	[redacted]	[redacted]	[redacted]
Jul	[redacted]	+0.2	[redacted]	[redacted]	[redacted]	[redacted]
Aug	196.4	+0.1	196.5	195.4	6,142	595
Sep	194.7	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Oct	193.6	-	[redacted]	[redacted]	[redacted]	[redacted]
Total					[redacted]	[redacted]

■ POTATOES LCE (£/tonne)

Mar	135.0	-	-	-	34	-
Apr	110.3	[redacted]	[redacted]	[redacted]	1,719	[redacted]
May	[redacted]	+0.7	[redacted]	[redacted]	[redacted]	31
Jun	130.0	-	-	-	2	-
Nov	[redacted]	-	-	-	-	-
Mar	10[redacted]	-	-	-	-	-
Total					2,594	95

■ FREIGHT (BIFFEX) LCE ($10/index point)

[redacted]	[redacted]	-14	1226	1220	717	25
Feb	[redacted]	-20	1224	1211	238	45
Mar	1227	-16	[redacted]	1225	168	24
Apr	[redacted]	-25	1270	1251	1,087	77
[redacted]	1113	-30	1140	1125	194	25
[redacted]	1277	[redacted]	[redacted]	[redacted]	230	10
Total					[redacted]	211

[redacted]

SOFTS

■ COCOA LCE (£/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	919	-6	924	[redacted]	[redacted]	2,305
May	916	-4	924	915	15,165	1,313
Jul	918	-3	935	917	10,208	578
Sep	931	-3	946	929	10,527	337
Dec	[redacted]	-1	960	945	[redacted]	202
Mar	963	-2	973	960	25,598	382
Total					124,180	5,232

■ COCOA CSCE (10 tonnes; $/tonnes)

Mar	1124	-12	1144	1122	29,356	3,592
May	1160	-10	1176	1158	16,096	1,317
Jul	1187	-10	1199	1187	[redacted]	972
Sep	1214	[redacted]	1229	1214	7,223	231
[redacted]	1240	-8	1247	1237	6,568	87
Mar	1265	-8	1270	1270	7,499	25
Total					[redacted]	[redacted]

■ COCOA (ICCO) (SDR's/tonne)

Jan 24	Price	Prev. day
[redacted]	916.26	908.91
Jan 25		
10 day [redacted]	923.52	924.11

■ COFFEE [redacted] ($/tonne)

Jan	1173	-7	1187	1186	275	13
Mar	1184	-8	1204	1182	[redacted]	1,616
May	1187	-3	1203	1166	12,584	1,837
Jul	1178	-4	1188	[redacted]	4,077	[redacted]
[redacted]	1181	-4	1192	1163	2,014	23
[redacted]	1181	-2	1180	1184	[redacted]	761
Total					[redacted]	[redacted]

■ COFFEE 'C' CSCE (37,500lbs; [redacted])

Mar	74.50	-0.15	74.80	73.70	31,355	6,223
May	[redacted]	[redacted]	76.25	75.45	13,680	2,036
Jul	77.50	-0.10	77.70	77.00	4,302	227
[redacted]	78.95	-0.06	79.10	79.00	3,042	231
Dec	80.45	[redacted]	80.90	80.25	1,813	87
Mar	[redacted]	[redacted]	-	-	801	25
Total					58,019	[redacted]

■ COFFEE [redacted] cents/pound)

Jan 24	Price	Prev. day
Comp. daily	[redacted]	66.48
15 day average	68.90	68.92

■ No7 PREMIUM RAW SUGAR LCE (cents/lbs)

Mar	10.55	-0.07	10.66	10.60	1,130	65
May	11.13	+0.01	[redacted]	[redacted]	[redacted]	[redacted]
Jul	11.39	[redacted]	11.37	11.37	2,917	5
Oct	11.08	-0.01	-	-	35	-
Total					[redacted]	92

■ WHITE SUGAR LCE ($/tonne)

Mar	289.90	+0.60	[redacted]	288.50	6,392	1,137
[redacted]	289.70	+0.80	290.50	286.50	[redacted]	277
Aug	[redacted]	+0.80	294.50	293.00	1,820	69
Oct	[redacted]	+0.70	282.50	281.00	[redacted]	175
Dec	[redacted]	+1.10	-	-	87	-
Mar	[redacted]	[redacted]	-	-	[redacted]	-
Total					1,659	14,728

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

Mar	10.35	[redacted]	10.50	10.26	43,280	[redacted]
May	10.79	[redacted]	10.86	[redacted]	[redacted]	[redacted]
Jul	10.82	+0.05	10.86	[redacted]	15,827	[redacted]
[redacted]	10.77	+0.05	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	10.78	+0.06	[redacted]	10.74	[redacted]	[redacted]
[redacted]	10.78	+0.08	10.81	10.73	111	-
Total					[redacted]	[redacted]

■ COTTON NYCE (50,000lbs; cents/lbs)

Mar	[redacted]	[redacted]	[redacted]	73.30	20,698	4,133
May	[redacted]	[redacted]	[redacted]	73.95	15,876	[redacted]
Jul	[redacted]	+0.57	75.80	74.80	[redacted]	[redacted]
Oct	71.29	+0.24	71.50	70.80	1,574	[redacted]
Dec	[redacted]	[redacted]	[redacted]	[redacted]	8,089	[redacted]
Mar	[redacted]	-0.45	69.40	[redacted]	85	1
Total					54,474	[redacted]

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

[redacted]	[redacted]	-2.20	105.45	103.50	[redacted]	[redacted]
May	107.25	-1.80	108.70	105.25	2,843	144
Jul	108.70	-2.80	110.75	108.60	1,737	19
[redacted]	[redacted]	-2.80	112.25	111.00	778	22
[redacted]	[redacted]	-2.70	114.00	112.50	344	17
Jan	113.85	-2.70	114.50	[redacted]	429	5
Total					[redacted]	[redacted]

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	[redacted]	[redacted]
Feb	72.925	[redacted]	73.375	72.800	26,046	[redacted]
[redacted]	75.875	-.275	76.400	75.750	[redacted]	[redacted]
Jun	74.175	-.075	[redacted]	74.025	[redacted]	1,167
Aug	[redacted]	-	73.425	72.900	10,226	324
Oct	73.125	-.025	73.400	72.850	[redacted]	[redacted]
Dec	73.950	-.025	74.075	73.825	[redacted]	24
Total					91,814	8,614

■ LIVE HOGS CME (40,000lbs; cents/lbs)

Feb	48.550	+0.850	48.825	47.800	8,744	[redacted]
[redacted]	50.325	+0.950	50.650	49.500	[redacted]	1,757
Jun	55.375	+0.875	55.475	54.500	7,124	891
[redacted]	[redacted]	[redacted]	54.800	53.650	[redacted]	[redacted]
[redacted]	52.825	+0.725	52.880	52.050	[redacted]	[redacted]
[redacted]	49.350	+0.625	49.475	48.600	[redacted]	[redacted]
Total					[redacted]	[redacted]

■ PORK BELLIES CME (40,000lbs; cents/lbs)

Feb	54.800	+0.275	55.550	54.350	[redacted]	[redacted]
Mar	55.125	[redacted]	[redacted]	54.800	[redacted]	[redacted]
May	56.525	+0.650	56.975	[redacted]	[redacted]	646
Jul	56.675	+0.775	57.150	[redacted]	[redacted]	[redacted]
Aug	[redacted]	[redacted]	55.800	54.300	331	114
Total					11,274	[redacted]

LONDON TRADED OPTIONS

Strike price $ tonne	Calls		Puts	
■ ALUMINIUM (99.7%) LME	Apr	Jul	Apr	Jul
1150	81	102	23	29
1175	52	72	[redacted]	46
1200	31	49	71	74
■ COPPER (Grade A) LME	Apr	Jul	Apr	Jul
1850	74	102	46	86
1900	49	76	71	[redacted]
1950	31	58	108	[redacted]
■ COFFEE LCE	Mar	May	[redacted]	[redacted]
1150	49	81	[redacted]	40
1200	22	65	[redacted]	64
1250	8	37	[redacted]	96
■ COCOA LCE	Mar	May	[redacted]	[redacted]
900	37	58	[redacted]	[redacted]
925	23	44	29	53
950	14	36	45	[redacted]
■ BRENT CRUDE IPE	Mar	Apr	[redacted]	[redacted]
1400	38	58	23	80
1450	15	35	47	-
1500	2	18	-	-

LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel/Mar) [redacted]

Dubai	$13.22-3.26w	+0.14
Brent Blend (dated)	$14.54-4.60	+0.18
Brent Blend (Mar)	$14.12-4.16	+0.13
W.T.I. (1pm est)	$15.24-5.26w	+0.11

■ OIL PRODUCTS NWE prompt delivery CIF (tonne)

Premium Gasoline	$147-148	+1.5
[redacted]	$146-147	+0.5
Heavy Fuel Oil	$69-70	+2
Naphtha	$129-132	+0.5
Jet [redacted]	$161-163	-2.0

Petroleum Argus Estimates

■ OTHER

Gold (per troy oz)♣	$382.30	[redacted]
Silver (per troy oz)♣	511.5c	[redacted]
Platinum (per troy oz.)	[redacted]	[redacted]
Palladium (per troy oz.)	[redacted]	[redacted]
Copper (US prod.)	91.0c	+1.0
Lead (US prod.)	35.00c	
Tin (Kuala Lumpur)	13.34r	+0.01
[redacted]	[redacted]	[redacted]
[redacted] W.I.)	Unq.	
Cattle (live weight)†	120.04p	[redacted]
Sheep (live weight)†♠	101.74p	+1.39*
Pigs (live weight)	84.44p	-1.89*
Lon. day sugar (raw)	[redacted]	[redacted]
Lon. day sugar (wte)	$291.0	[redacted]
Tate & Lyle export	[redacted]	[redacted]
Barley (Eng. feed)	Unq.	
Maize (US No3 Yellow)	£127.00v	
[redacted] North)	[redacted]	[redacted]
[redacted] (Feb)♥	61.50p	
Rubber (Mar)♥	61.75p	
Rubber (KL RSS No1 Feb)	223.0m	[redacted]
Coconut Oil (Phil)§	[redacted]	+15.0
Palm Oil (Malay.)§	[redacted]	-2.5
Copra (Phil)§	[redacted]	+5.0
Soyabeans (US)	[redacted]	
Cotton 'A' Index	73.25c	+1.30
Wooltops (64s Super)	[redacted]	

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. y Feb[redacted] w Mar. z Jan/Mar. v Feb. t Feb/Mar. x Mar/Apr. ♥ London Physical. § CIF [redacted] ♣ [redacted] ♠ Sheep (Live [redacted]) * [redacted] on [redacted] provisional prices.

Minor Metals
European free market, from Metal Bulletin, $ per lb in warehouse, unless otherwise stated (last week's in brackets, where changed). Antimony: 99.6%, $ per tonne, 1,645-1,705 (1,635-1,695). Bismuth: min. 99.99%, tonne lots 2.25-2.45. Cadmium: min. 99.5%, 0.40-0.50 (0.30-0.40). Cobalt: MB free market, 99.8%, 22.00-23.50; 99.3%, 19.00-20.00. Mercury: min. 99.99%, $ per 76 lb flask, 90-105. Molybdenum: drummed molybdic oxide, 2.70-2.90. Selenium: min 99.5%, 4.15-4.80 (4.25-4.90). Tungsten ore: standard min. 65%, $ per tonne unit (10kg) WO_3, cif, 27-38. Vanadium: min. 98%, cif, 1.35-1.45. Uranium: Nuexco exchange value, 7.00.

VOLUME DATA
Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME and CSCE are one day in arrears.

INDICES

■ REUTERS (Base: [redacted])

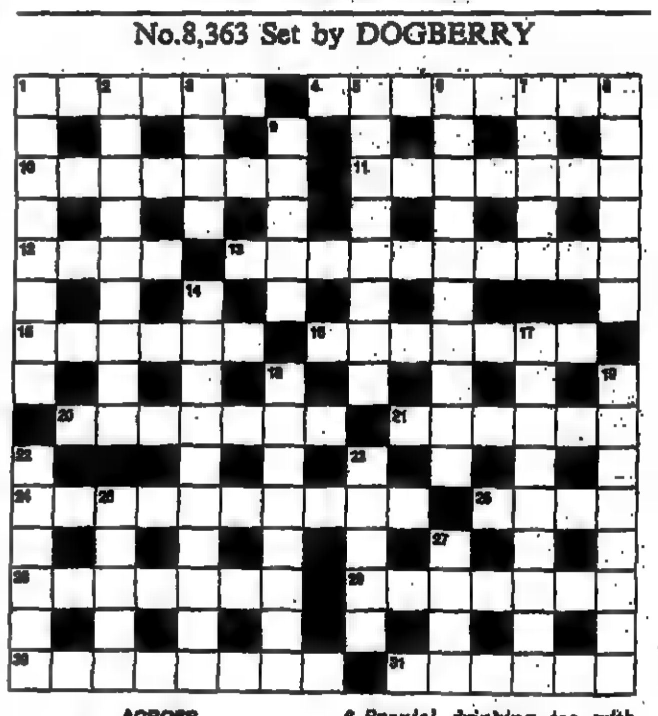
[redacted]	[redacted]	month ago	year ago
1709.5	1707.5	-	[redacted]

■ CRB (Base: 4/9/56=100)

Jan 24	Jan 21	month ago	year ago
228.13	225.28	-	199.66

CROSSWORD

No.8,363 Set by DOGBERRY



ACROSS

1 Shop front, largely horsy, provides a bit of glitter (6)
4 Window display left in by precisian (8)
10 A sin keeping a monarch from a sin (7)
11 Little volume turned chilly at beginning of 24 (7)
12 Where to hide panache after losing head (4)
13 Food for a lot of pests with strings attached [redacted]
15 Nothing [redacted] turned [redacted] clay (6)
16 Rumour about wash-round (7)
20 [redacted] from friendly, backfired in trousers (7)
21 Returning fel[redacted] to theatre for [redacted] drink (6)
[redacted] 2, say, [redacted] measure of resistance in bulimic (4-6)
26 Fry token (4)
28 Magistrate's [redacted] in [redacted] air (7)
29 [redacted] conversation, [redacted] and I made bread (7)
30 Pattern prod[redacted] by two canines (8)
[redacted] Yank wearing jacket [redacted]

DOWN

1 Satisfy [redacted] ballet (4,4)
2 17 24 to q[redacted] SF writer's unfinished act (9)
3 *Bird may repeat on one (4)*
5 Household stain, note, produced by nation lacking national leader (6)
6 Spaniel drinking tea with noisy insect (10)
7 Identifier of lines about Lincoln (5)
8 Free drink back inside put back down (6)
9 Means of raising festivity up (5)
[redacted] 6-carat gold ring about to clasp [redacted] creator (6,4)
17 2 has an idea to put money on (9)
18 *Resounding project for toff (8)*
[redacted] out [redacted] preceding acceptance (8)
22 A model retired without having declined (6)
23 Orff's last score proves to be attractive (5)
25 Extended to dishonesty (6)
26 Brand by force (4)

Solution 8,362

FOOLSCAP OTHERS
I S P M O P N
DITHERED ALBINO
D E I L E D W
LONGSHIP ORDEAL
E D S O S A M I
PRETENSION
A V B [redacted] T C S
PROJECTION
P C N E N S S F
AWAKEN AGITATOR
R L F R R R I
ELIXIR DOVETAIL
N S C O S [redacted]
TETHER SMASHERS

LONDON STOCK EXCHANGE

MARKET REPORT

Losses extended in modest selling pressure

By Terry Byland, [illegible] Stock [illegible] Editor

[illegible] the [illegible] outlook in the UK was fuelled yesterday by reports that independent [illegible] review bodies covering about 1.5m workers are about to challenge the government's call for [illegible] to be financed entirely from productivity increases. UK stocks, having been unable to follow other European markets higher in the morning, fell [illegible] sharply in the [illegible] half of the [illegible] as Continental [illegible] markets weakened.

By the close the FT-SE 100 Index was 37.4 down at 3,444. [illegible] traders believed they had [illegible] some switching out of UK stocks [illegible] German equities, with futures [illegible] paving the way for such moves. It was noticeable [illegible] the FT-SE Mid 250 Index, which has recently outperformed the FT-SE 100, came to heel yesterday and [illegible] at 4,091.1.

Several trading programmes were identified, and at least one was weighted to the sell side. But trading [illegible] was not heavy, and many analysts [illegible] that the stock market was suffering little more than a technical [illegible] after the very [illegible] post-Christmas run.

[illegible] in oil shares, [illegible] a downgrading of crude oil price forecasts by an influential London broking house, was an adverse factor. London was [illegible] discouraged [illegible] the [illegible] by a fall of 17 [illegible] points in early dealings on Wall Street [illegible] in IBM's trading [illegible].

Seaq volume [illegible] in the final [illegible] hours of trading [illegible] a total for the day of 984.9m [illegible]. On Monday [illegible] shares [illegible] worth [illegible] in [illegible] worth, the lowest daily figure for a week, although still satisfactory [illegible] by bull market standards.

[illegible] market specialists [illegible] confident on equity prospects, [illegible] though it was agreed [illegible] a further correction was likely. "The market [illegible] pull back by another [illegible] points to the Footsie 3,400 [illegible] without suffering too much strain," [illegible] a leading dealer at one of the big US houses.

Technical specialists [illegible] that the UK market had become mildly overbought in the weeks after Christmas, and have been searching [illegible] possible areas of weakness.

[illegible] losses, although spread across the range of the market, were mostly of [illegible] proportions. In many sectors, there [illegible] signs [illegible] institutional investors were shuffling their portfolios rather than taking cash out of the market.

[illegible] Far [illegible] involvement [illegible] movements, as Tokyo rallied cautiously while Hong Kong remained easier. Traders expressed continued doubts over the outlook for Hong Kong, [illegible] UK based houses have [illegible] cautious again on the Tokyo market, reversing their [illegible] change of stance.

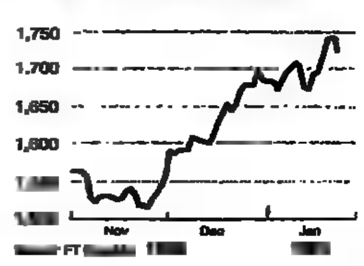
The retail sector, awaiting further reports this week on the Christmas trading, [illegible] mixed, with some leading [illegible] beginning to [illegible] buyers at the end of the day. The [illegible] is still [illegible] as a crucial indicator of [illegible] in the [illegible] of the [illegible] economy, and [illegible] await this week's statements from Burton and Next, two of the leading UK clothing groups, with keen interest.

[illegible] looked [illegible] at the close last night as they [illegible] for the [illegible] of important global [illegible] of the week. In addition to President Clinton's [illegible] of the Union Message, the [illegible] on US employment trends, money supply and [illegible] product.

Account Dealing Dates		
*First Dealings:		
Jan 17	Jan 31	Feb 14
Option Declarations:		
Jan [illegible]	[illegible]	[illegible]
Last Dealings:		
[illegible] 28	Feb 11	Feb 25
Account Day:		
Feb 7	Feb 21	[illegible] 7

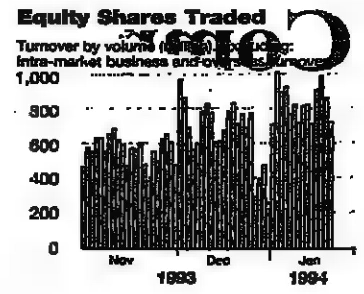
*[illegible] dealings may take place from two business days earlier.

FT-SE-A All-Share Index



Equity Shares Traded

Turnover by volume ([illegible]). Excluding: intra-market business and overseas turnover



■ Key Indicators

Indices and ratios

FT-SE 100	[illegible]	-37.4	FT Ordinary [illegible]	[illegible]	[illegible]
FT-SE Mid 250	4091.1	[illegible]	FT-SE-A Non Fins p/e	22.65	[illegible]
FT-SE-A 350	1742.8	-15.5	[illegible] Dec	3452.0	-37.0
FT-SE-A All-Share	[illegible]	-14.32	10 [illegible] yield	[illegible]	(6.17)
FT-SE-A All-Share yield	3.27	(3.25)	Long gilt/equity yld ratio:	2.04	(2.05)

Best performing sectors		Worst performing sectors	
1 Electricity	[illegible]	1 Retailers, Food	-2.4
[illegible] Banks	+0.7	[illegible] Exploration & Prod	-2.[illegible]
3 Media	[illegible]	3 [illegible], Wines & Cider	-2.[illegible]
4 Other Services & Bsns	[illegible]	[illegible] Extractive Industries	-1.[illegible]
5 [illegible] Financial	+0.2	[illegible]	-1.7

Oil price revisions hit shares

A powerful combination of Kleinwort Benson, Nomura and Hoare Govett wrought substantial [illegible] in the oil sector. Kleinwort set the ball rolling, cutting its forecast of average oil prices [illegible] $17 a barrel to $14: analyst Mr [illegible] Spedding [illegible] "Opec's inaction to remedy over-production" for the downgrade.

Kleinwort accompanied its oil price forecast shift with a reiteration of its bearish [illegible] on Shell, 11 weaker at 728p, while maintaining its stance on BP as a "hold". The latter [illegible] 6 [illegible] at 368½p.

The broker [illegible] downgraded its [illegible] values for the exploration and production stocks, but declined to give details. Nomura and [illegible] were seen by marketmakers as triggering a drop in Enterprise Oil shares of 13 to [illegible] in keen turnover of 3.4m.

[illegible] expects the shares to underperform [illegible] the dividend to [illegible] under [illegible] in [illegible] without a sustained rise in crude oil prices. It also anticipates that the market may be [illegible] on to purchase more Enterprise equity as part of Elf Aquitaine's financial restructuring. Hoare Govett [illegible] "switch [illegible] Enterprise to BP to reduce upstream risk".

Premier [illegible] a [illegible] to 23½p after one institution sold a [illegible] of [illegible] shares into the market at 22½p, [illegible] of which [illegible] subsequently placed at 23¼p.

Boots demand

[illegible] speculation erupted over the future of [illegible] pharmaceutical division, prompted this time by a [illegible] report, and the shares were actively traded. A feeling among some brokers – UBS and Panmure [illegible] among them – that the [illegible] were looking [illegible] weak sessions also contributed to the [illegible] rise, [illegible] 567p before closing 1½ up at 563p. Turnover [illegible] a busy 3.7m.

[illegible] denied that it [illegible] planning to [illegible] its drugs arm. Speculation [illegible] such a [illegible] the company's well-publicised and costly abandonment of its Manoplax heart drug last summer. However, analysts remain convinced that a restructuring at Boots will lead to the sale of the prescription drugs business, while leaving the over the counter medicine division intact.

Pearson, the [illegible] conglomerate [illegible] of the Financial Times, [illegible] 11 to 655p against the market as word leaked [illegible] that [illegible] broker Henderson Crosthwaite was preparing a strong buy recommendation on the stock. Turnover of 7.2m was one of the highest on record. The [illegible] is [illegible] to be citing the stock's underperformance against the market [illegible] year and improved performance at [illegible] BSkyB, in which Pearson owns almost 18 per cent.

Reuters Holdings [illegible] strong [illegible] of figures due on February [illegible]. Buying from the US lay behind a rise in London of 28 to 1933p.

[illegible] leading pharmaceuticals [illegible] by a research document from [illegible] Lyonnais Laing which recommended Zeneca, SmithKline Beecham, Wellcome and [illegible]. But the sector trickled [illegible] later, with internationally [illegible] stocks led down by selling [illegible] the US. Zeneca [illegible] SmithKline [illegible] 4 to [illegible] and Wellcome 12 [illegible] 670p. Medeva held at 168p.

Glaxo shed 6½ to 654½p as dealers noted that US investors had continued to sell the stock. The US holding fell [illegible] per cent of the total, from 19.8 per cent just [illegible] Christmas.

[illegible] 2 to 140p after the [illegible] pharmaceuticals and scientific instruments group announced a £35m savings plan and analysts [illegible] 1995 [illegible] forecasts. The savings figure is £10m more than [illegible] a target last month and Mr Ian Smith of Lehman [illegible] adjusted his forecast of [illegible] profits to around [illegible] against [illegible] previously.

Bank shares succumbed to the market-wide selling pressure with the Hong Kong-influenced [illegible] by the [illegible] in the Hang Sang index and by strong rumours that the Hong Kong market may tumble again this morning.

HSBC dropped [illegible] and Standard Chartered 35 to 1310p. Lloyds, the first of the big [illegible] to report preliminary results, [illegible] a bout of [illegible] profit-taking, closing 19 [illegible].

Sun Alliance(5.2m traded) and Royals(5.6m) were the big [illegible] in a composite [illegible] hit by strong profit-taking. Royals [illegible] 11 off at [illegible] despite [illegible] low-key by ever-present support from influential marketmakers, while Sun [illegible] at 400p.

[illegible] by a [illegible] buy note giving [illegible] a target price of 370p, managed a [illegible] minor improvement [illegible] 336½p.

Costain, [illegible] by [illegible] that Hanson, amongst others, [illegible] bid for the company's US coal interests, jumped [illegible] in [illegible] to [illegible].

[illegible] expected [illegible] accompanied by an upbeat analysts meeting helped conglomerate Lonrho advance [illegible] 153p, in strong trading of 13m shares.

Overseas buyers [illegible] in British Steel [illegible] again leading to hefty turnover of [illegible] with the market to finish a penny lighter at 131½p.

TI Group eased [illegible] to 421p, after UBS downgraded its [illegible] from a buy to a hold. It was "take profits" [illegible] from SG Warburg [illegible] left GKN trailing [illegible].

Lucas Industries added 2 to 214p. The [illegible] is one of a [illegible] of [illegible] engineering [illegible] on which Morgan Stanley, the US investment house [illegible] a two-year call warrant. The [illegible] at 18.08p.

Public relations group Shandwick rose [illegible] to 35½p as the company [illegible] that it was back in the black with a full-year profit of 4.8m against a previous [illegible] of [illegible].

Among food manufacturers, Booker, [illegible] 455p, and Hazlewood, [illegible] 167½p, suffered from "take profits" advice from [illegible] Turnbull, which also recommended Northern Foods, [illegible] 261p. Cadbury-Schweppes, up [illegible] stage, had its progress [illegible] by a negative [illegible] from [illegible] Brothers. It [illegible] unchanged at 531p.

In stores, Burton Group [illegible] 2¾ to 68½p [illegible] tomorrow.

Talk of a beer price war in the retail trade rumbled on for a second day and cast further gloom on the big domestic brewers. [illegible] retreated 11 to 579p, [illegible] Allied Lyons 9 to 650p and Grand Metropolitan 11 to [illegible].

MARKET REPORTERS: Christopher Price, Peter John, Joel [illegible] Steve Thompson.

■ [illegible] statistics, Page 21

NEW HIGHS AND LOWS FOR 1993/94

NEW HIGHS (225).

BANKS (5) ANZ, Bank Scotland, Natl. Australia, Royal Bk. of Scot., Westpac, [illegible] (2) Fuller STA, Whitbread, BUILDING & CNSTRN (8) AMEC 6.5p Pf., Havelock Europa, Jackson, McCarthy & Stone, Ward, Wimpey (Geo), BLDG [illegible] & MCHTS (10) [illegible] (2) Laporte, Wolstenholme Rink, DISTRIBUTORS (4) Bletchley, Faber Prest, Hobson, Lookers, [illegible] INDLS (8) Amer Fine A, Antofagasta, Lonrho, ELECTRICITY (4) East Midlands, London, Manweb, Seeboard, ELECTRNC & ELECT EQUIP (6) Abacus, Intl. Control Servs., Kenwood Appliances, Philips, Psion, Roxboro, ENGINEERING (21) ENG. VEHICLES (3) Avon Rubber, Laird, Sytone, EXTRACTIVE INDS (4) Bletchl, Samson Expir., Sons Gwalia, Westralian Res., FOOD MANUF (3) Union Park, HEALTH CARE (4) Amersham Intl., Community Hosptls., Nestor-BNA, Specialeyes, HOUSEHOLD GOODS (1) Kitty Little, [illegible] (7) [illegible] Union, Fenchurch, GRE, Independent Insce, Lowndes Lambert, New London Capital, Skandia, INVESTMENT TRUSTS (48) INVESTMENT COMPANIES (7) [illegible] HOTELS (8) LIFE [illegible] Britannia, Transatlantic Hldgs, Do B 8pc Pf, [illegible] Adscene, Capital Radio, Chiltern Radio, Daily Mail A, GWR, Grampian TVA, HTV, Nth. Atlantic Smk Ln '13, Pearson, Radio Clyde, Shandwick, Telegraph, Yorks. Tyne-Tees, MERCHANT BANKS (2) Schroders, Warburg (SG), OIL [illegible] & PROD (1) Tuskar, OIL, INTEGRATED (1) Emerald Energy, OTHER FINANCIAL (14) OTHER SERVS & BUSNS (3) [illegible] PRTNG, PAPER & [illegible] Senrose, [illegible] Waco 6pc Pf., PROPERTY (13) RETAILERS, GENERAL (3) Cantors, Menzies (J), SPIRITS, WINES & CIDERS (1) Guinness, SUPPORT SERVS (7) Hogg Robinson, Kalamazoo, Kewill Sys., MITIE, Mitey, Page (M), Select Appts., TELECOMMUNICATIONS (2) TEXTILES & APPAREL [illegible] Alexandra Workwear, Beckman (A), Hamlet, Yorklyde, TRANSPORT (7) AMERICANS (2) NEW LOWS (4).

DISTRIBUTORS (1) [illegible] Food Machinery, MEDIA (1) Fitch, OIL EXPLORATION & PROD (1) Coplex Resources, AMERICANS (1) General Host.

EQUITY FUTURES AND OPTIONS TRADING

Active selling, some of which was done through the use of sophisticated derivative instruments, brought a sharp retreat but reduced [illegible] futures, [illegible] *Joel Kibazo.*

A strong opening for the March [illegible] on the FT-SE 100 [illegible] at 3,494 seemed to indicate a firm [illegible]. However, this was soon undermined by selling from Salomon Brothers.

A [illegible] of other [illegible] played a part in the day's decline. Aggressive selling of the bund [illegible] a [illegible] in [illegible] of March, as did Tuesday's issuing of an OTC put option.

[illegible] investment [illegible] Goldman Sachs was also [illegible] a [illegible] and put [illegible] yesterday, [illegible] dampened [illegible] for the contract.

But it was the fall on Wall Street following [illegible] US consumer confidence figures that brought the sharpest decline of the day, sending March below its recent support level of 3,460.

It closed at 3,448, down 50 from yesterday's close and at a 6-point discount to its fair value premium to cash of about 7 points. Turnover at 9,721 contracts [illegible] one of the lowest in recent sessions.

The traded options sector [illegible] more buoyant and saw improved turnover of [illegible] lots. Volume in the FT-SE [illegible] option only [illegible] a slight improvement at 12,921 contracts.

Better than expected results from international trading group Lonrho brought increased activity to the group's stock options. They [illegible] of [illegible] stock trades, finishing with a total of 4,617 lots dealt.

■ FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point

	[illegible]	Sett price	[illegible]	[illegible]	Low	Est. vol	Open int.
[illegible]	3494.0	[illegible]	-37.0	[illegible]	3446.0	13054	56910
Jun	3500.0	[illegible]	-37.0	[illegible]	3467.5	4	7797
Sep	-	[illegible]	-37.0	-	-	[illegible]	300

Contract traded on APT. Open interest figures are for [illegible] day.

■ FT-SE 100 INDEX OPTION (LIFFE) (*3448) £10 per full index point

[illegible]

■ EURO STYLE FT-SE [illegible] OPTION (LIFFE) [illegible] per full index point

[illegible]

* Underlying index value. Premiums shown are based on settlement prices. † Long dated expiry months.

FT - SE Actuaries Share Indices — The UK Series

	Jan 25	Day's chge%	Jan 24	Jan 21	Jan 20	Year ago	Div. yield%	Earn. yield%	P/E ratio	Xd adj. ytd	Total Return
FT-SE 100	[illegible]	-1.1	3481.4	[illegible]	[illegible]	[illegible]	[illegible]	5.10	[illegible]	2.39	1262.36
FT-SE Mid 250	4091.1	[illegible]	4100.9	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.21	[illegible]
FT-SE Mid 250 ex Inv Trusts	4105.2	-0.2	4115.0	[illegible]	4117.3	[illegible]	[illegible]	4.97	[illegible]	7.37	[illegible]
FT-SE-A 350	1742.8	-0.9	[illegible]	1759.8	1754.3	1393.3	3.32	5.00	[illegible]	1.64	1308.59
FT-SE SmallCap	2035.34	.....	2035.50	2023.71	2015.79	1459.58	2.69	3.38	38.01	1.91	1545.10
FT-SE SmallCap ex Inv Trusts	2003.68	.....	2003.58	1990.41	1979.80	1470.30	2.85	3.72	35.26	2.09	1523.70
FT-SE-A ALL-SHARE	1728.56	-0.8	1742.88	1743.63	1738.06	[illegible]	3.27	[illegible]	[illegible]	[illegible]	[illegible]

■ FT-SE Actuaries All-Share

[illegible]

■ Hourly movements

[illegible]

■ FT-SE Actuaries 350 Industry baskets

[illegible]

TRADING VOLUME

■ Major Stocks yesterday

[illegible]

LONDON EQUITIES

LIFFE EQUITY OPTIONS

[illegible]

TRADITIONAL OPTIONS

First Dealings Jan 24 Last Dealings Feb 4 Last Declarations April 21 For settlement May 3

[illegible]

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	4	50	24
Other Fixed Interest	2	2	11
Mineral Extraction	66	65	77
General Manufactures	143	165	377
Consumer Goods	34	57	104
Services	100	133	290
Utilities	22	16	8
Financials	84	105	202
Investment Trusts	100	132	233
Others	21	62	31
Totals	576	787	1357

Data based on those companies listed on the London Share Service.

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt. cap (£m.)	1993/94 High	1993/94 Low	Stock	Close price p	+/-	Net div.	Div. [illegible]	Grs yld	P/E net
-	F.P.	67.8	73	[illegible]	Baring Emrg Euro	70½	-½	-	-	-	-
-	F.P.	11.2	49½	33¼	Do Warrants	46¼	-2¼	-	-	-	-
[illegible]											

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

[illegible]

FINANCIAL TIMES EQUITY INDICES

[illegible]

LONDON SHARE SERVICE

BANKS

	Notes	Price	+ or -	1993/94 high	low	Mkt Cap£m	Yld Gr's	P/E
ABN Amro Fl		£23⅞	-⅛	£25¾	£18¼	6,457	4.5	12.3
ANZ A$		252½	+1½	252½	130	3,302	3.8	Φ
Abbey National	†□	502	-8	524	345	6,581	3.0	19.4
Allied Irish I£	‡†□	296	-3	314	179	1,943	3.5	15.1
Anglo Irish I£	N□	68xd	-1	*70	28	165.5	6.2	Φ
Asahi Y		644¼	-24¾	844	415	14,949	0.7	–
Banco Bil Viz Pta		£14½	—	£17⅞	£13⅛	3,324	5.7	6.5
Banco Sant Pta		£32⅛	—	£36	£24½	3,509	4.1	12.2
Bank Leumi (UK)		375	—	375	325	29.6	5.7	–
Bk Ireland I£	‡uz□	308	-1	*319	177	1,451	4.0	22.7
Bank Scotland	‡†□	243	-3½	247	116½	2,828	2.4	33.0
9¼pc Pf		140¼	—	140¼	117¾	140.2	8.2	–
9¾pc Pf		147	-¼	147¼	123½	147.0	8.3	–
Barclays	†N□	629	-8	632	362	10,208	2.5	–
Dai Ichi Kan Y		£11⅞	+⅛	£15⅜	[illegible]	35,325	0.5	62.8
Deutsche DM		£303⅜	-2⅞	£348⅞	[illegible]	14,449	2.0	–
Esperito Santo		£24⅜	-⅛	£25¾	[illegible]	264.8	3.2	6.0
First Nat Fin	□	87xd	+3	*95	45	145.0	2.2	Φ
6.3pc Cv Pf		88xd	—	*91	55	5.52	8.9	–
7pc Cv Pf		164½xd	-½	167½	106	78.1	5.3	–
Fuji Bank Y		1252½	+7½	1661	[illegible]	38,206	0.4	–
HSBC HK	†□	975	-19	1007	[illegible]	16,609	2.8	23.3
HSBC (75p Shs)	†□	954	-24	993	[illegible]	[illegible]	2.6	22.8
Lloyds	†□	637	-19	690	[illegible]	[illegible]	3.7	18.2
Mitsubishi Y		£17⅞	+⅛	£19¾	£11⅛	48,854	0.3	–
Mits Tst & Bk Y		798	-7	1012½	462½	10,390	0.8	12.8
Mitsui Tst & Bk Y		832¼	+9¾	832	374	7,576	0.8	27.5
Nat Aust A$		581½	+½	581½	322	7,644	3.8	Φ
NatWest	†□	602	-8	634	398	10,005	3.7	38.8
Ottomane FFr		232	—	232½	223¼	160.0	4.7	9.4
Ryl Bk Scotland	‡N□	475xd	+6	482	207	3,771	2.9	21.5
Sakura Y		£9⅞	+⅛	£11	£5¼	29,533	0.8	55.7
Sanwa Y		£12⅞	+⅜	£16	£7¾	37,553	0.4	–
Standard Chartd	†□	1310	-35	1370	576	3,119	2.0	–
Sumitomo Y		£12⅞	-⅛	£16¼	£8⅝	39,717	0.4	27.2
Sumitomo Tst Y		749¼	+8¼	867½	437½	9,287	0.7	58.5
TSB	¢N□	284	-5	291	145½	4,311	3.4	22.0

BREWERIES

BUILDING & CONSTRUCTION

BUILDING MATS. & MERCHANTS

BUILDING MATS. & MERCHANTS - Cont.

	Notes	Price	+ or -	1993/94 high	low	Mkt Cap£m	Yld Gr's	P/E
Travis Perkins	□	361	+3	370	168	388.9	2.8	60.6
Tudor		21	—	38	21	2.39	1.5	–
Unigroup	□	37	—	78	11½	11.4	–	–
Waterhouse		23	—	[illegible]	25	0.82	–	–
Wickes	¢Z□	124	+1	[illegible]	76	464.3	0.2	56.4
Wilshaw	†N□	44xd	-½	[illegible]	17	36.2	1.6	27.7
Wolseley	‡N□	807xd	-4	[illegible]	533	2,421	1.8	27.1

CHEMICALS

	Notes	Price	+ or -	high	low	Mkt Cap£m	Yld Gr's	P/E
AGA Skr		£35⅞	+⅛	£37	£28⅝	758.4	2.1	19.9
Akzo Fl		£71⅜	+⅛	£72⅛	£47⅜	3,286	3.3	13.9
Allied Colloids	†N□	247xd	-1	258	210	660.1	2.2	22.8
Amber Ind	†N	745	—	745	345	28.2	3.2	17.1
BASF DM		£118⅛	-⅜	£118½	£93¼	6,312	5.7	–
BOC	‡N□	690xd	—	770	590	[illegible]	4.2	16.8
BTP	‡†N□	365xd	-6	*373	190	[illegible]	3.3	29.3
Bayer DM		£135¼	+⅞	£142⅞	£101¼	[illegible]	3.9	–
Brent	N□	124	—	168	93	[illegible]	7.5	[illegible]
British Vita	†□	306	-3	308	216	[illegible]	3.2	[illegible]
Cambridge Iso $		22	—	34	[illegible]	[illegible]	–	–
Canning (W)	‡□	163	—	164	[illegible]	[illegible]	[illegible]	21.0
Camenzone	‡N	96	—	97	[illegible]	[illegible]	[illegible]	42.9
Warrants		31	—	35	[illegible]	[illegible]	–	–
Courtaulds	†N□	518	-10	608	421	2,082	3.4	13.0
Croda	†N□	352	-2	378	223	474.8	2.7	28.8
Dowler	‡	124	—	140	103	13.4	4.6	9.5
European Colour	‡†□	35½	—	42½	15½	10.7	3.1	17.0
Gibbon Lyons	‡†	143xd	—	164	69	12.9	4.5	16.1
Haricons	□	4	—	11½	3½	2.84	–	–
7pc Pf		23	—	25	13	1.38	–	–
Headway	‡N	38	—	49	17	8.12	2.3	–
Hickson	‡N□	180	+2	241	150	[illegible]	5.3	17.6

DISTRIBUTORS

DIVERSIFIED INDUSTRIALS

ELECTRICITY

ELECTRONIC & ELECTRICAL EQPT

ELECTRONIC & ELECTRICAL EQPT - Cont.

ENGINEERING

ENGINEERING, VEHICLES

ENGINEERING, VEHICLES - Cont.

EXTRACTIVE INDUSTRIES

FOOD MANUFACTURERS

GAS DISTRIBUTION

HEALTH CARE

HOUSEHOLD GOODS

INSURANCE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

هكذا من الأصل

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

[illegible]

INVESTMENT COMPANIES

[illegible]

LEISURE & HOTELS

[illegible]

LEISURE & HOTELS - Cont.

[illegible]

LIFE ASSURANCE

[illegible]

MEDIA

[illegible]

MERCHANT BANKS

[illegible]

OIL EXPLORATION & PRODUCTION

[illegible]

OIL, INTEGRATED

[illegible]

OTHER FINANCIAL

[illegible]

OTHER SERVICES & BUSINESSES

[illegible]

PHARMACEUTICALS

[illegible]

PRINTING, PAPER & PACKAGING

[illegible]

PROPERTY

[illegible]

PROPERTY - Cont.

[illegible]

RETAILERS, FOOD

[illegible]

RETAILERS, GENERAL

[illegible]

SPIRITS, WINES & CIDERS

[illegible]

SPIRITS, WINES & CIDERS - Cont.

[illegible]

SUPPORT SERVICES

[illegible]

TELECOMMUNICATIONS

[illegible]

TEXTILES & APPAREL

[illegible]

TOBACCO

[illegible]

TRANSPORT

[illegible]

TRANSPORT - Cont.

[illegible]

WATER

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

SOUTH AFRICANS

[illegible]

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by Extel Financial, a member of the Financial Times Group.

[illegible]

H Yield based on prospectus or other official estimates for 1993.
K Yield based on prospectus or other official estimates for 1994
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for [illegible]

s Dividend yield excludes a special payment.
[illegible] previous year's earnings

T Figures [illegible]
W Pro forma figures.
Z Dividend yield to date.

Abbreviations: [illegible] xr ex rights; xa ex all; xd ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1235 a year for each security shown, [illegible] to the Editor's discretion

FT Free Annual Reports Service

You can obtain the current annual/interim report of [illegible] company annotated with [illegible]. Ring 081 770 0770 (open 24 hours including weekends) or fax 081 770 3822, quoting the code FT1089. (If calling from outside UK, dial +44 81 770 0770 or fax +44 [illegible] 3822) Reports will be sent the next working day, subject to availability. If faxing please remember to state the weekly changing FT code above and also your post code.

FT Cityline

Up-to-the-second share prices are available by telephone from the FT Cityline service. See Monday's share price pages for details.

An international service is available for callers outside the UK, annual subscription £250.00 [illegible]

Call 071-873 4378 (+44 71 873 4378 International) for more information on FT Cityline.

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

AUTHORISED UNIT TRUSTS

[illegible]

Guide to pricing of Authorised Unit Trusts

Compiled with [illegible] assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (✠) - 0001 to 1100 hours; (♦) - 1101 to 1400 hours; (▲) - 1401 to 1700 hours; (#) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale [illegible] carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most [illegible] and scheme particulars can be [illegible] free of charge from fund managers.

Other explanatory notes are [illegible] in the last column of the FT Managed Funds Service.

[illegible] Assurance and Unit Trust [illegible]ory Organisation, [illegible] Point, [illegible] New Oxford Street, London [illegible] 1QB [illegible]71-379-0444.

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

TSB Unit Trusts - Contd.

T.U. Fund Managers Limited (1200)H

Templeton Unit Trust Managers Ltd (1200)F

Thornton Unit Managers Ltd (1200)F

AXA Equity & Law Life Assce - Contd.

Abbey Life Assurance Co Ltd

83 Holdenhurst Road, Bournemouth 0202 292373

Britannia Life Ltd

50 Bothwell Street, Glasgow G2 6HR 041-248 2000

	Bid Price	Offer Price	+ or -	Yield Gross
Equity Pen Acc	71.60	78.60	—	-
Building Soc Pen Acc	45.70	48.10	—	-
American Pen Acc	77.00	82.70	-0.50	-
European Pen Acc	42.20	45.30	+0.50	-
International Pen Acc	51.00	54.00	—	-
Managed Pen Acc	48.70	52.30	-0.10	-

Canada Life Group

High St, Potters Bar, Herts, EN6 5BA 0707 651122

Crown Financial Management Ltd - Contd.

Eagle Star Life Assurance Co Ltd

Bath Road, Cheltenham GL53 7LQ 0242 221 311

Henderson Administration(z)

3 Finsbury Ave, London, EC2 M2PA

Lifetime Assurance Co Ltd - Contd.

Midland Life Limited - Contd.

Providence Capital

OTHER UK UNIT TRUSTS

INSURANCES

AXA Equity & Law Life Assce

Britannia Life Ltd

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are avai[illegible] the telephone. Call the FT Cityline Help Desk on (071) 873 4378 [illegible] more details.

Royal Life Insurance Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Royal Life (Unit Linked Assurances) Ltd				
Managed Fund	397.8	418.8	+0.2	-
Equity Fund	678.7	[illegible]	-0.2	-
Property Fund	306.2	[illegible]	-0.1	-
International Fund	483.2	[illegible]	+1.3	-
Gilt Fund	384.5	[illegible]	+0.1	-
Money Fund	218.8	[illegible]		-
United States Fund	256.5	[illegible]	-2.2	-
Pacific Basin	302.2	319.1	+0.4	-
Royal Life (Unit Linkd. Pension Fds) Ltd				
Exempt Man Fd Acc	491.7	517.6	-0.8	-
Exempt Equity Fd Acc	877.7	923.8	+1.4	-
Exempt Prop Fd Acc	314.9	331.3		-
Exempt Intl Fd Acc	798.3	840.3	+3.2	-
Exempt Gilt Fd Acc	461.6	434.3	+0.4	-
Exempt Money Fd Acc	297.3	312.9		-

Royal Liver Assurance

Royal Liver Building, Liverpool, L3 1HT. 051-236 1451

	Bid Price	Offer Price	+ or -	Yield Gross
UK Equity	83.1	87.5		-
Global Equity	61.0	64.2		-
High Yield	81.0	85.3		-
Intl Equity	86.7	91.3		-
Fixed Interest	83.3	87.7		-
Money	76.0	80.0		-
Managed	84.1	88.6		-
Pensions				
UK Equity	91.0	95.8		-
Global Equity	65.0	68.4		-
High Yield	95.0	100.0		-
Intl Equity	96.9	102.0		-
Fixed Interest	100.3	105.6		-
Money	94.0	98.9		-
Managed	95.0	100.0		-
Tax Exempt				
Tax Exempt Mgd	71.3	75.1		-

S-E-Banken Life Assurance Co Ltd

149-151 High Rd, Chadwell Hth RM6 6PJ 081-597 7566

	Bid Price	Offer Price	+ or -	Yield Gross
Managed Fund	162.1	170.7	-0.3	-
Pension Mngd Fd	183.3	193.0	-0.4	-

Save & Prosper Group (z)

16-22 Western Rd, Romford RM1 3LB

Scottish Amicable

Scottish Equitable plc

Scottish Life Investments

Scottish Mutual Assurance plc

Scottish Provident Group

Scottish Widows' Group

Life Assurance Co Ltd (z)

Portland Terr, Southampton 0703 334411

Skandia Valuation Line 0800 181360

	Bid Price	Offer Price	+ or -	Yield Gross
Life Managed Funds				
Skandia Cautious	148.3	156.1	-0.4	-
Skandia Balanced	389.7	410.2	-2.1	-
Skandia Distribution	120.6	[illegible]	-0.3	-
Skandia Ethical Selection	125.6	[illegible]	-0.1	-
Skandia Deposit	380.2	[illegible]		-
Abtrust Managed	135.5	[illegible]		-
Baring Managed	149.1	[illegible]	+1.2	-
CU Managed	250.4	[illegible]	-1.3	-
Fidelity Managed	214.5	[illegible]	-0.2	-
Fleming Managed Inv Tst	140.6	[illegible]		-
F & C Investment Trust	190.8	[illegible]	-1.2	-
Framlington Managed	244.2	[illegible]	-2.4	-
Gartmore Managed	274.7	[illegible]	+0.1	-
Henderson Managed	274.5	[illegible]	-1.1	-
Hill Samuel Managed	242.8	[illegible]	-0.7	-
Invesco Managed	208.8	[illegible]	-0.6	-
James Capel Core Mngd	144.8	[illegible]	-0.7	-
Kleinwort Benson Mngd	144.4	[illegible]	-0.6	-
Martin Currie Mngd	159.4	[illegible]	-0.8	-
Morgan Grenfell Mngd	164.7	[illegible]	-0.5	-
Murray Johnstone Managed	159.9	[illegible]	-0.5	-
Perpetual Managed	230.4	[illegible]	-0.4	-
Schroder Managed	142.9	[illegible]	-0.3	-
Pension Managed Funds				
Skandia Cautious	164.2	172.8	-0.4	-
Skandia Balanced	618.8	651.3	-3.2	-
Skandia Ethical Selection	140.6	148.3	-0.1	-
Skandia Deposit	447.0	470.5		-
Abtrust Managed	147.4	155.2	+0.1	-
Baring Managed	170.8	179.7	+1.8	-
BZW Managed	135.6	142.7	-1.0	-
CU Managed	304.4	320.4	-1.9	-
Fidelity Managed	240.3	252.9	+0.4	-
Fleming Managed Inv Tst	172.0	181.0	-0.1	-
F & C Investment Trust	220.1	231.6	-1.5	-
Framlington Managed	379.8	399.7	-0.6	-
Gartmore Managed	412.2	433.8	+0.1	-
Henderson [illegible]	369.2	388.0	-1.7	-
Hill Samuel [illegible]	313.4	329.8	-1.0	-
Invesco [illegible]	295.7	311.2	-1.1	-
James Capel [illegible]	163.6	172.1	-0.9	-
Kleinwort Benson Mngd	155.1	163.2	-0.7	-
Martin Currie Mngd	173.2	183.0	-0.7	-
Morgan Grenfell Mngd	187.3	197.1	-0.8	-
Murray Johnstone Mngd	171.2	180.2	-0.8	-

Sun Life Unit Assurance Ltd

Swiss Life (UK) PLC

TSB Life Ltd

Teachers' Assurance Company Ltd

Tunbridge Wells Equitable

Isle of Man Assurance Ltd

Professional Investment Consultants

OFFSHORE INSURANCES

AXA Equity & Law Intl Life Assce Co

Allied Dunbar International Assurance Ltd

CMI Insurance Co Ltd

Eagle Star Intl Life

Equitable Life (International)

Eurolife Assurance Group

MANAGEMENT SERVICES

Capital Trust Financial Management

Chase de Vere PLC

Hambro Tyndall Fund Managers Ltd

Hazzard International Ltd

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Fidelity Funds

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

Rothschild Asset Management - Contd.

GUERNSEY (REGULATED)(**)

ANZ Mngmt Co (Guernsey) Ltd

Arab Bank Fund Managers (Guernsey) Ltd

Lloyds Bank Fund Managers (Guernsey) Ltd

Rothschild Asset Mngmt (CI) Ltd

Tokai Capital Mngmt (Guernsey) Ltd

U.S. Treasury Securities Fund Ltd

IRELAND (SIB RECOGNISED)

ST Fund Managers (Ireland) Ltd

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

Morgan Grenfell Investment Funds Ltd

Singer & Friedlander Inv Funds Ltd

ISLE OF MAN (REGULATED)(**)

ATC Fund Management Ltd

Sun Life Management (Intl) Ltd

JERSEY (SIB RECOGNISED)

Lloyds Bank (CI) U/T Mgrs

Midland Bank Fund Managers (Jersey) Ltd

Royal Bank of Canada (Jy) Fd Mgt Ltd

JERSEY (REGULATED)(**)

Barclays Intl Funds

Citibank N.A.

Fleming Group

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

CURRENCIES AND MONEY

MARKETS REPORT

Rates cut in ERM

Leading currencies took a back [illegible] yesterday with interest shifting [illegible] Spain and Belgium which both announced [illegible] cuts, [illegible] *Philip Ga[illegible]th.*

The weakness of the [illegible] provided a favourable environment for other European countries to reduce borrowing costs. Both the Belgian Franc and Spanish peseta appreciated against the D-Mark after announcing official rate cuts.

Analysts yesterday agreed that the [illegible] rate [illegible] formed part of a continuing pattern [illegible] countries [illegible] Europe to chip away at interest rates without [illegible] Bundesbank lead.

They lent further support to the [illegible] that currency movements, especially within the ERM, are now more [illegible] reflection of economic fundamentals [illegible] *in[illegible] rate differentials.*

■ The Belgian Franc closed up against the D-Mark yesterday at BFr20.69 compared [illegible] Monday's [illegible] BFr20.81 as the [illegible] [illegible] 10 [illegible] *point* [illegible] *in* [illegible] *central* rate to 7 per cent. [illegible] last Friday's resignation of [illegible] socialist politicians following a corruption scandal, and the weekend cabinet [illegible] *had calmed the mar*[illegible] giving [illegible] Belgian [illegible] for a rate cut. Currency and money [illegible] dealers said the central bank had room [illegible] cut [illegible] further, [illegible] were likely [illegible] act cautiously. Apart [illegible] cutting [illegible] key central rate, [illegible] overnight lending [illegible] other [illegible] per [illegible] from 8.7 per cent. The [illegible] changes – [illegible] second [illegible] month – took [illegible].

Analysts [illegible] Belgian short-term [illegible] much higher than [illegible] neighbouring countries. The three-month short-term rate spread [illegible] Germany is currently [illegible] basis points compared with [illegible] slightly below German [illegible] before [illegible] collapse [illegible] ERM [illegible] summer.

● The performance of [illegible] peseta [illegible] cut underlined [illegible] sentiment towards the D-Mark. The D-Mark [illegible] pesetas before the cut, but fell to finish [illegible] 80.94 pesetas. The German currency lost ground across the board on [illegible] crosses in Europe, reflecting continuing speculation of [illegible] near-term cut in German rates, said traders.

Inflation figures from Baden-Wuerttemburg of [illegible] per [illegible] *from* [illegible] reinforced the view that overall German inflation figures, expected Friday, will provide the Bundesbank with enough [illegible] relax [illegible] monetary policy.

[illegible] *chief* [illegible]omist [illegible] CIBC, [illegible] market was currently reflecting [illegible] shift [illegible] sentiment against [illegible] D-Mark rather than being driven by [illegible] hard [illegible] "The [illegible] not convincing anyone [illegible] ability [illegible] underpin [illegible] currency." Mr [illegible] "general disenchantment" with the Bundesbank was shown by the [illegible] that the dollar [illegible] again approaching [illegible] level, [illegible] high it reached [illegible] January 18. The dollar closed in London at DM1.7528, [illegible] from [illegible].

Mr Parsons added: "The Bundesbank is fighting old battles. It should be fighting [illegible] growth battle, [illegible] rate battle." However, [illegible] Johann Wilhelm Gaddum, [illegible] deputy president, yesterday underlined that [illegible] would cut [illegible] leading [illegible] further only when key economic trends are in line with [illegible] goals. Speaking [illegible] Bochum University in Germany, [illegible] said: "If [illegible] data position – and that means [illegible] money supply in particular – develops in conformity with our goals, we will undertake further interest rate cuts."

■ The dollar had another quiet day in Europe with dealers reporting minimal turnover and [illegible] marked lack [illegible] interest. The Conference Board's consumer confidence index rose in January [illegible] 83.2 per cent, slightly [illegible] than market expectations, but still stronger than any reading in 1993. Analysts said it augured well for consumer spending in the months ahead.

The dollar opened slightly higher in [illegible] York against the D-Mark, but [illegible] against [illegible] yen. The Japanese currency was under less pressure than during the past two trading [illegible] said the yen had obtained support from reports that the prime minister Mr Morihiro Hosokawa had persuaded his opponents [illegible] discuss [illegible] compromise package of political reform [illegible] The [illegible] yesterday in London [illegible] Y111.155, slightly firmer than Monday's close of Y111.825.

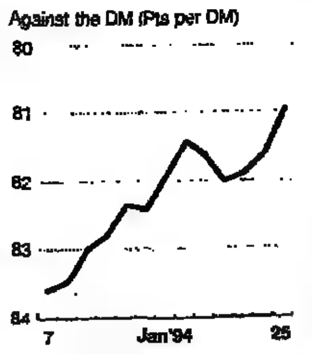
● Sterling [illegible] quiet day, finishing slightly firmer [illegible] London against [illegible] dollar at $1.494 from $1.496 [illegible] Monday. It also [illegible] fractionally against [illegible] D-Mark, finishing [illegible] DM2.6187 compared with [illegible] on Monday. The pound was still [illegible] by [illegible] political row [illegible] higher [illegible] in Britain.

Meanwhile, in [illegible] written parliamentary answer [illegible] Anthony Nelson, [illegible] retary to the Treasury, ruled [illegible] sterling's [illegible] to the ERM during the [illegible] parliament. "Sterling's re-entry to the ERM could not [illegible] considered until there is greater [illegible]vergence between the monetary policies appropriate for [illegible] community economies," he said.

● The [illegible] of England provided the [illegible] money market [illegible] around [illegible] *sterling of* unspecified late assistance bringing [illegible] help for [illegible] day [illegible] £1.615bn. This compared with [illegible] forecast liquidity shortage [illegible] £1.7bn. In [illegible] early operations [illegible] Bank bought £1.3 bn of bills at the established repo [illegible] of 5⅞. It provided £275m in normal operations at 5⅞ [illegible]

[illegible]

Against the DM (Pta per DM)



Source: FT Graphite

■ Pound in New York

Jan 25	—Latest—	— Prev. close —
[illegible]	1.4935	1.4925
1 mth	[illegible]	1.4895
3 mth	1.4853	1.4843
1 yr	1.4712	1.4680

POUND SPOT FORWARD AGAINST THE POUND

[illegible]

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

[illegible]

CROSS RATES AND [illegible]

EXCHANGE CROSS RATES

Jan 25		[illegible]	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	[illegible]	[illegible]	£	C$	$	Y	[illegible]
Belgium	(BFr)	[illegible]	[illegible]	15.39	4.834	1.926	4995	[illegible]	20.75	488.2	391.2	[illegible]	4.053	1.848	3.821	2.758	306.7	2.485
Denmark	(DKr)	[illegible]	10	[illegible]	2.579	1.028	2505	2.889	11.07	258.9	208.8	11.61	[illegible]	0.985	1.932	[illegible]	163.8	1.326
France	(FFr)	[illegible]	11.44	10	2.950	1.176	2865	3.303	12.66	296.1	238.7	[illegible]	[illegible]	1.127	2.209	1.683	[illegible]	1.516
Germany	[illegible]	20.69	3.877	3.390	1	0.398	[illegible]	[illegible]	4.293	[illegible]	[illegible]	4.590	0.836	[illegible]	[illegible]	[illegible]	63.45	[illegible]
Ireland	[illegible]	51.93	9.732	8.510	2.510	1	2438	[illegible]	[illegible]	252.0	[illegible]	11.60	2.105	0.959	1.880	[illegible]	[illegible]	[illegible]
Italy	(L)	2.130	0.399	0.349	0.103	0.041	100.	0.116	0.442	10.33	8.333	0.471	0.088	0.039	0.077	0.059	6.532	0.053
Netherlands	(Fl)	18.47	3.462	3.027	0.893	0.356	867.3	1	3.834	89.63	72.27	4.089	0.749	[illegible]	0.669	0.510	56.65	0.459
Norway	(NKr)	48.19	9.030	7.897	2.329	0.928	2262	2.609	10	233.8	188.5	10.67	1.953	0.890	1.745	1.329	147.8	1.198
Portugal	(Es)	20.61	3.862	3.377	0.996	0.397	967.7	1.116	4.277	100.	80.63	4.562	0.835	0.381	0.746	0.568	63.20	0.512
Spain	(Pta)	25.56	[illegible]	4.189	1.236	0.492	1200	[illegible]	5.304	124.0	100.	[illegible]	1.036	[illegible]	0.925	0.705	78.39	0.635
Sweden	(SKr)	45.17	8.465	7.403	2.183	0.870	2121	[illegible]	9.374	[illegible]	[illegible]	10	[illegible]	0.834	1.635	[illegible]	138.5	1.123
Switzerland	(SFr)	24.67	4.624	[illegible]	[illegible]	0.476	1159	1.336	5.121	119.7	96.54	5.462	1	0.456	0.893	[illegible]	75.67	0.613
UK	[illegible]	[illegible]	[illegible]	8.876	2.618	1.043	[illegible]	2.932	[illegible]	262.8	211.9	[illegible]	2.195	1	1.961	[illegible]	[illegible]	[illegible]
Canada	(C$)	27.62	[illegible]	4.626	1.335	0.532	1297	[illegible]	5.732	134.0	[illegible]	6.114	1.119	[illegible]	1	0.762	84.70	0.686
US	[illegible]	36.25	[illegible]	5.941	[illegible]	0.698	1702	[illegible]	7.523	175.9	141.8	8.025	[illegible]	0.669	1.313	1	111.2	[illegible]
Japan	(Y)	[illegible]	61.11	[illegible]	[illegible]	[illegible]	[illegible]	17.65	[illegible]	1582	[illegible]	72.19	13.21	[illegible]	11.81	8.995	1000.	[illegible]
Ecu		40.24	[illegible]	6.594	[illegible]	[illegible]	1889	2.178	[illegible]	195.2	157.4	8.908	1.631	0.743	1.457	1.110	123.4	1

Yen per 1,000; Danish Kroner, French Franc, Norwegian Kroner and Swedish Kroner per 10; Belgian Franc, Escudo, Lira and Peseta per 100.

■ D-MARK FUTURES (IMM) DM 125,000 per DM

	Open	[illegible]	Change	High	[illegible]	Est. vol	Open int.
Mar	[illegible]	[illegible]	-0.0008	[illegible]	0.5678	[illegible]	[illegible]
Jun	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	229	7,810
Sep	-	0.5630	-	-	0.5630	1	286

■ JAPANESE YEN FUTURES (IMM) [illegible] 12.5 [illegible] 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	0.8970	0.8991	+0.0019	0.9005	[illegible]	[illegible]	89,249
Jun	0.9037	[illegible]	[illegible]	0.9037	[illegible]	77	8,345
Sep	-	[illegible]	-0.0006	-	-	112	450

■ SWISS FRANC FUTURES (IMM) SFr 125,000 per SFr

	Open	[illegible]	Change	High	[illegible]	Est. vol	Open int.
Mar	0.6811	[illegible]	-0.0026	[illegible]	0.6769	15,636	[illegible]
Jun	0.6786	[illegible]	[illegible]	[illegible]	0.6760	87	884
Sep	[illegible]	[illegible]	+0.0001	[illegible]	[illegible]	1	28

■ STERLING FUTURES (IMM) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	1.4892	[illegible]	[illegible]	1.4906	[illegible]	6,0356	[illegible]
Jun	-	1.4820	-	-	-	7	1,012
Sep	[illegible]	1.4780	-	1.4780	-	1	11
Dec	[illegible]	1.4750	-	1.4750	-	1	10

EMS EUROPEAN CURRENCY UNIT RATES

[illegible]

WORLD INTEREST RATES

MONEY RATES

[illegible]

EURO CURRENCY INTEREST RATES

[illegible]

UK INTEREST RATES

LONDON MONEY RATES

[illegible]

BASE LENDING RATES

[illegible]

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

WORLD STOCK MARKETS

EUROPE

AUSTRIA (Jan 25 / Sch)

BELGIUM/LUXEMBOURG (Jan 25 / Frs)

DENMARK (Jan 25 / Kr)

FINLAND (Jan 25 / Mkk)

FRANCE (Jan 25 / Frs)

GERMANY (Jan 25 / Dm.)

ITALY (Jan 25 / Lire)

NETHERLANDS (Jan 25 / Fls.)

NORWAY (Jan 25 / Kroner)

SPAIN (Jan 25 / Pts.)

SWEDEN (Jan 25 / Kronor)

SWITZERLAND (Jan 25 / Frs.)

PACIFIC

JAPAN (Jan 25 / Yen)

HONG KONG (Jan 25 / H.K.$)

MALAYSIA (Jan 25 / MYR)

SINGAPORE (Jan 25 / S$)

AUSTRALIA (Jan 25 / Aust$)

NORTH AMERICA

CANADA

TORONTO (Jan 25 / Can $) 4 pm close

MONTREAL (Jan 25 / Can $) 4 pm close

AFRICA

SOUTH AFRICA (Jan 25 / Rand)

Prices supplied by Telekurs

NOTES - Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. Highs/Lows are based on data from Jan 1 1993. ¶ Dealings suspended, xd Ex dividend, xc Ex scrip issue, xr Ex rights, xa Ex all.

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■ TOKYO - MOST ACTIVE STOCKS: Tuesday, January 25, 1994

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Fujitsu Ltd	7.0m	905	+17	ITO Yokado	4.4m	5,170	-30
Iseki	6.2m	350	+23	NIP Steel	4.1m	315	+11
Tsumura & Co	5.4m	1,590	+160	Hanwa	3.0m	653	+20
Hokuetsu Bank	5.1m	552	-7	Kawasaki Steel	2.9m	31600	+9
OKI Elec	5.0m	596	+12	Hitachi	2.5m	839	+19

INDICES

US INDICES

Dow Jones	Jan 24	Jan 21	Jan 20	1993/4 High	1993/4 Low	Since compilation High	Since compilation Low
Industrials	3912.79	3914.48	3891.96	3914.48 (21/1/94)	3241.95 (20/1/93)	3914.48 (21/1/94)	41.22 (2/7/32)
Home Bonds	105.33	105.61	105.45	109.77 (18/10/93)	103.49 (11/1/93)	109.77 (18/10/93)	54.99 (1/10/81)
Transport	1816.94	1814.43	1814.00	1834.81 (14/1/94)	1453.84 (4/1/93)	1834.81 (14/1/94)	12.32 (8/7/32)
Utilities	217.11	219.75	220.41	256.46 (31/8/93)	217.11 (24/1/94)	256.46 (31/8/93)	10.50 (8/4/32)

DJ Ind. Day's high 3947.69 (3933.33) Low 3882.11 (3875.36) (Theoretical¶)
Day's high 3934.46 (3914.48) Low 3902.66 (3884.93) (Actual¶)

Standard and Poors	Jan 24	Jan 21	Jan 20	1993/4 High	1993/4 Low	Since compilation High	Since compilation Low
Composite ♥	471.97	474.72	474.98	475.27 (10/1/94)	429.05 (8/1/93)	475.27 (10/1/94)	4.40 (1/6/32)
Industrials	550.49	553.38	553.39	553.49 (10/1/94)	496.48 (26/4/93)	553.49 (10/1/94)	3.62 (21/6/32)
Financial	44.63	44.85	44.83	48.40 (28/9/93)	39.89 (8/1/93)	48.40 (28/9/93)	8.64 (1/10/74)
NYSE Comp.	261.76	263.12	263.23	263.23 (20/1/94)	236.21 (8/1/93)	263.23 (20/1/94)	4.46 (25/4/42)
Amex Mkt Va.	483.27	484.74	484.81	484.81 (20/1/94)	395.84 (8/1/93)	484.81 (20/1/94)	29.31 (9/12/72)
NASDAQ Comp	790.65	794.28	793.03	794.28 (21/1/94)	645.87 (26/4/93)	794.28 (21/1/94)	54.87 (31/10/72)

■ RATIOS

	Jan 21	Jan 14	Jan 7	Year ago
Dow Jones Ind. Div. Yield	2.59	2.62	2.65	3.18
	Jan 19	Jan 12	Jan 5	Year ago
S & P Ind. Div. yield	2.34	2.35	2.38	2.58
S & P Ind. P/E ratio	26.13	26.07	27.72	26.85

■ STANDARD AND POORS 500 INDEX FUTURES $500 times index

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Mar	472.55	472.35	-0.30	472.75	472.20	64,126	179,441
Jun	-	473.60	-0.95	-	-	434	4,928
Sep	-	474.95	-1.00	-	-	22	865

Open interest figures are for previous day.

■ NEW YORK ACTIVE STOCKS

Monday	Stocks traded	Close price	Change on day
GM	[illegible]	58½	+3¼
[illegible]	[illegible]	7⅝	+⅛
Digital Equip	[illegible]	30¼	-¼
Merck	[illegible]	34⅞	-⅛
[illegible]	[illegible]	13⅝	+⅜
Telefonos	[illegible]	69¼	+⅛
Chase Man	[illegible]	34¼	-⅛
Chrysler	[illegible]	59¼	-¼
West Elec	[illegible]	14¼	+⅛
Chemical Bk	[illegible]	37¼	+⅛

■ TRADING ACTIVITY

● Volume (million)

	Jan 24	Jan 21	Jan 20
New York SE	296.901	345.886	303.745
Amex	18.224	20.497	18.630
NASDAQ	303.894	349.432	340.166
NYSE			
Issues Traded	2,747	2,742	2,714
Rises	906	973	1,108
Falls	1,201	1,051	962
Unchanged	640	709	644
New Highs	115	132	131
New Lows	35	24	15

■ CAC-40 STOCK INDEX FUTURES (MATIF)

	Open	Sett.Price	Change	High	Low	Est. vol.	Open int.
Jan	2232.0	2275.0	-10.0	2300.0	2272.0	26,850	31,779
Feb	2306.0	2288.0	-10.0	2310.0	2285.0	5,194	6,347
Mar	2317.5	2299.5	-10.0	2312.5	2299.0	1,630	17,537
Jun	-	2295.0	-10.0	-	-	-	2,295

Open interest figures are for previous day.

Excluding bonds. ‡ Industrials plus Utilities, Financial and Transportation. The DJ Ind. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telerate) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation.

4 pm close January 25

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

- A -

- B -

- C -

- D -

- E -

- F -

- G -

- H -

- I -

- J -

- K -

- L -

- M -

- N -

- O -

- P - Q -

- R -

- S -

[illegible]

Continued on next page

4 pm close January 25

NYSE COMPOSITE PRICES

Continued from previous page

1993/94 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
35½	37½	StJoePaper	0.20	0.4	575	54	52¾	52	52⅞	-⅛
37⅛	28	StJoeLtP	1.80	6.4	11	65	28⅝	28¼	28¼	-⅛
93	75	StPaul	2.80	3.2	41	262	87½	86½	86⅞	-⅞
11⅞	6⅛	Salant Cp			10	57	8⅝	8½	8⅝	+⅛
75¼	39⅞	SallieMae	1.40	3.0	9	2349	47¼	46⅞	46⅞	-⅞
14⅛	12⅝	Salomon Hi	0.55	4.2		472	13⅜	13¼	13¼	-⅛
51⅞	34	Salomon	0.64	1.4	10	1122	45⅛	44⅛	44⅞	-¼
27¾	21⅛	SnDgGE	1.48	6.4	12	641	23⅝	23	23	-½
5	3½	SantaFeEDu	0.40	8.2	48	10	4⅞	4⅞	4⅞	
17⅞	8⅛	SantaFeETG	1.40	14	7316	2046	9⅝	9⅜	9½	
40¼	35¾	SantaFePac	2.80	7.2	18	61	39⅛	39	39	-⅞
26¾	12¾	SanFeP	0.10	0.4	13	3802	24⅞	24½	24⅞	+⅝
31½	21	SaraLee	0.64	2.6	17	12651	24¾	23¾	24½	+1
52¼	40⅛	Scana Corp	2.74	5.8	12	520	47⅝	46⅞	47⅛	-¾
25¾	19	Scecrp	1.42	7.5	13	6057	19	18¾	18⅞	-⅛
38⅞	23⅞	SchererRP			30	277	38⅛	37⅞	38	+⅜
71	51¼	ScheringPl	1.80	2.9	15	7090	63⅜	61¾	62⅞	+⅝
68⅞	55⅝	Schlmb	1.20	2.1	22	9010	58⅞	57	57¼	-1⅜
38⅞	16½	SchwabC	0.28	1.0	13	2851	29	28⅛	28⅞	-⅛
7¾	5⅞	Schwitzer			103	28	7⅜	7¼	7¼	-⅛
38⅞	17¾	SciAtl	0.12	0.4	49	1275	32⅝	32	32⅛	-⅞
15	9⅛	Scotsman	0.10	0.7	14	36	14¾	14⅝	14⅝	-⅛
44	31	ScottP	0.80	1.8	27	2238	43¾	43⅛	43⅜	-⅛
28⅝	14¾	ScudderNAsF	0.27	1.1		170	25⅛	24⅞	25⅛	+⅛
11⅝	7½	ScudderNEuF	0.16	1.5		996	11	10¾	11	+¼
21⅛	16¾	SeaCnR	0.70	3.0	8	10	18	18	18	
17	15	SeaCt 4.25	1.46	9.1		2	16⅛	16⅛	16⅛	-¼
30⅝	24½	Seagrm	0.56	1.9	37	3210	29⅝	29⅛	29⅛	-⅛
32⅞	15	Seagull Cn			45	816	25⅞	25¼	25¼	-⅛
32	21	Sealed Air			22	150	29⅝	29	29½	+⅝
60⅛	42⅞	SearsR	1.60	3.1	30	5136	52⅛	51⅝	52	
13¾	12⅝	Seligm Sel	0.84	6.4		71	13⅛	13⅛	13⅛	-¼
35⅝	20	Sensormat	0.30	0.9	34	679	34⅛	33⅜	33⅞	-⅝
34½	18	SequaA	0.60	1.7	7	65	u34¾	34½	34¾	+⅜
35	17¾	SequaB	0.50	1.4	18	47	u35	34½	34¾	+½

Price data supplied by Telekurs

Yearly highs and lows reflect the period from Jan 1 1993
Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganized under the Bankruptcy Act, or securities assumed by such companies. wd-when distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

4 pm close January 25

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
Numac O&G		82	15	6⅝	6⅝	6⅝	
NV Ryan		1	1264	[illegible]	[illegible]	[illegible]	
Odetics A		34	135	9¾	9¼	9⅜	
Olsten	0.24	58	718	30⅛	29⅝	30	-¼
Pegasus G	0.40	126	1813	23¼	22½	22¾	-½
Penn	0.50	2	53	11¾	11½	11½	-¼
Pet Ht&P	1.36	27	2100	20	20	20	

NASDAQ NATIONAL MARKET

4 pm close January 25

AMERICA

IBM news, technical questions hit Dow

Wall Street

US stocks retreated yesterday morning as traders sold on the news of IBM's results, *writes Frank McGurty in New York.*

By 1 pm, the Dow Jones Industrial Average was 19.42 lower at 3,893.37, while the more broadly based Standard & Poor's 500 was down 1.21 at 470.76. In the secondary markets, the American SE composite receded 2.11 to 481.26, while the Nasdaq composite sank 6.20 to 784.45.

Volume on the NYSE was moderate, with 185m shares traded by 1 pm.

The market opened with a slight decline, but losses mounted steadily as the morning progressed. One reason was a sell-off in International Business Machines. The stock fell $2⅞ to $55⅝ after the company posted fourth-quarter earnings of 63 cents a share. The issue had surged $3⅝ the previous session in anticipation of IBM's return to profitability; but yesterday some investors were disappointed that revenues were slightly off last year's level.

The session's weak tone reflected wider anxieties. Investors were growing increasingly nervous about the failure of the broad market indices to keep pace with the steady advance staged by the Dow in recent weeks. Analysts said that the divergence might be an indication that the bull market had gone past its peak.

Stocks drew scant support from the bond market or the day's economic news. The benchmark 30-year government security was softer at midday ahead of the Treasury's afternoon auction.

Meanwhile, the Conference Board's January consumer confidence index, at 83.2, proved to be less bullish than forecast.

Drug stocks were active with healthcare reform expected to be a central theme of President Bill Clinton's State of the Union speech yesterday evening.

Merck added $½ to $35¼ after reporting earnings of 56 cents a share, in line with forecasts. Mylan Laboratories, a generic drug supplier which could benefit from healthcare reform, climbed $1¼ to $34½ in spite of reporting flat earnings. Warner-Lambert was flat at $64½.

American Express gained $2 to $32⅝ after revealing plans to spin-off its Lehman Brothers investment banking subsidiary.

Walt Disney went in the opposite direction, climbing $⅜ to $47⅝, after reporting a strong operating performance in the quarter, excluding results from the struggling Euro Disney theme park.

Some computer stocks continued to rise, in spite of the skittish reaction to IBM's results. Digital was $1 ahead at $31⅞ and Unisys $⅜ to $13⅞.

On the Nasdaq, however, technology issues remained out of favour. Lotus Development shed $1½ to $52¼, Intel $½ to $65 and Wellfleet Communications $1¼ to $67⅞.

Mexican stocks reacted nervously to the decline of Telmex, the telephone utility, in New York on news that Grupo Financiero Banacci and MCI Communications had agreed to form a company which might offer long-distance services in Mexico when the Telmex monopoly is broken up in late 1996. The IPC index was off 44.35, or 1.6 per cent, at 2,649.36 at midsession. Telmex ADRs declined $1 to $68⅞.

Canada

Toronto stocks were lower at midday as market participants took profits in volatile trade and the market fell in sympathy with US declines.

The TSE 300 composite index fell 9.28 to 4456.52 in 35.7m shares valued at C$460.80m. Declines led advances by 366 to 294 with 304 stocks unchanged.

EUROPE

Volatile Frankfurt changes tack again

Wall Street's weakness touched on bourses late in the day, but European equities were losing their glitter before US markets opened, *writes Our Markets Staff.*

FRANKFURT reversed Monday's pattern, the Dax index building on previous post-bourse gains to close the session 46.77 higher at 2,126.78, then losing most of it in the afternoon where it ended at 2,090.78, leaving dealers casting about for the reasons why.

There was talk of falling bund and Dax futures driving the cash market lower, of disappointment with the Deutsche Bank dividend (DM16.50, against an expected DM17, but still up DM1.50 on the year), and some mention of the breakdown in pay talks for engineering workers in North Baden-Württemberg.

However, said Mr Edgar Benischek, head of trading at Bank Julius Bär in Frankfurt, equities had been destabilised by a rise of over 90 points in the Dax in just over 24 hours, following a drop of 232, or 10 per cent from their 1993/94 high just three weeks earlier. "The market took six months to drop 13 per cent in 1984," said Mr Benischek. "It has been moving too fast – both ways".

Turnover eased from DM10.5bn to DM10bn. Deutsche Bank fell to DM791.00 after hours, losing all and more of the DM20.30 gain to DM811.80 it recorded on the official session. However, the metals, chemical and pharmaceutical group, Degussa, closed DM6.50 higher at DM482 then continued climbing late in the day to finish at DM488 although its drugs subsidiary, Asta Medica, said that it would await further developments in the pharmaceutical industry before it applied for a public listing.

PARIS retreated from mid-morning gains but overall activity remained muted with many investors waiting for results from Bouygues (down FFr2 at FFr731) due after the session had ended.

The CAC-40 index closed up 3.65 at 2,278.34, after a session high of 2,298.29.

Other stocks in the construction/building materials sector remained firm, with St Gobain, which pleased the market with its results last week, putting on FFr6 to FFr692, and Lafarge Coppée, due to report today, gaining FFr7.20 to FFr468.70.

UAP was marked down FFr20 to FFr630 after the sale of a 5 per cent stake at FFr617 a share, indicating, some analysts commented, the price that the insurer might set in its forthcoming privatisation.

In contrast LVMH, which was hit hard last week on news of a change in its cross shareholding arrangement with Guinness, recovered FFr90 to FFr3,920 as some buyers returned.

MADRID balanced the Bank of Spain's quarter-point interest rate cut against later weakness on Wall Street, and came out with the general index 3.93, or 1.2 per cent higher 342.94 in turnover of Pta51bn.

Bank stocks reacted to the interest rate move, Bankinter rising by Pta800, or 6.7 per cent to Pta12,750 and BBV by Pta90, or nearly 3 per cent to Pta3,100.

MILAN gained ground on signs that the country's centre parties may be moving towards co-operation. The Comit index ended the day up 7.31 or 1.2 per cent at 625.21, with screen trading closing at a record L887bn.

AMSTERDAM was moderately lower with declines in heavyweight stocks weighing on sentiment. The AEX index lost 3.46 to 426.29, after an earlier high of 431.20.

STOCKHOLM dropped 1.6 per cent after Goldman Sachs downgraded Ericsson in New York, the Affärsvärlden General index closing 24.70 lower at 1,525.80. Ericsson B dropped SKr23, or 6.1 per cent to SKr353.

WARSAW broke through the 16,000 level with sentiment boosted by the listing of Bank Slaski, the market's biggest over issue. The WIG index advanced 962.5 or 6.1 per cent to 16,808.8 in high turnover of 2,900bn zlotys.

Bank Slaski closed at 6.75m zlotys or 13.5 times the issue price.

ISTANBUL lost a further 6.3 per cent, bringing its losses for the last three days to 16 per cent. The composite index shed 1,533.53 to 22,727.21 as investors remained nervous because of the weakness of the currency against the US dollar in the money markets. The market's recent correction compares with a 400 per cent gain in 1993 and Carnegie International, in London, said that any sign of stability returning to the money markets could well trigger a wave of fresh buying.

ATHENS lost 3 per cent as profit-taking continued. The general index shed 33.34 to 1,143.49 in volume of 3.8m shares.

Written and edited by William Cochrane and John Pitt

FT-SE Actuaries Share Indices

Jan 25							THE EUROPEAN SERIES	
Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1491.80	1493.33	1493.78	1494.66	1495.19	1489.19	1487.57	1485.10
FT-SE Eurotrack 200	1573.35	1573.80	1573.79	1573.73	1573.91	1568.64	1567.35	1564.22

	Jan 24	Jan 21	Jan 20	Jan. 19	Jan. 18
FT-SE Eurotrack 100	1482.11	1471.66	1475.95	1488.83	1479.03
FT-SE Eurotrack 200	1568.02	1552.83	1560.50	1570.42	1559.36

Base value 1000 (26/10/90); High/day: 100 - 1495.54; 200 - 1574.08 Low/day: 100 - 1483.07 200 - 1564.22.

ASIA PACIFIC

Nikkei average firmer on foreign buying

Tokyo

Renewed hopes of economic stimulus supported sentiment, and share prices firmed amid thin trading, *writes Emiko Terazono in Tokyo.*

The 225-issue Nikkei average gained 295.12, or 1.6 per cent, at 18,648.36 on active buying by overseas investors. The Topix index of all first section stocks rebounded 20.32 to 1,519.38, and in London the ISE/Nikkei 50 index rose 3.11 to 1,257.48.

The Nikkei opened at an intraday low of 18,427.44 and gained ground on steady demand from foreign investors. Arbitrageurs were also seen buying in small lots after the Liberal Democratic party, the leading opposition group, accepted the coalition's proposal to discuss the setting up of a parliamentary joint committee, and the index hit a high of 18,662.27 in the last few minutes of trading.

Although an agreement before Saturday, the deadline for the reform bill, seems to be unlikely, some investors expect Mr Morihiro Hosokawa, the prime minister, to announce economic support before any other political decision is reached. Volume amounted to 280m shares, with gainers leading losers by 852 to 184, with 98 issues unchanged.

Leading stocks recovered ground, with Nippon Telegraph and Telephone advancing Y9,000 to Y849,000 and East Japan Railway firming Y12,000 to Y473,000.

Reports of a business tie-up boosted Honshu Paper by Y16 to Y571 and Takasaki Paper Y44 to Y291. The companies announced that they will share distribution and purchasing networks.

Foreign investors bought construction companies, which have been laggards recently because of the spate of bribery scandals involving the sector. Obayashi rose Y13 to Y628 and Sato Kogyo gained Y24 at Y790.

Real estate companies were also higher, with Mitsubishi Estate ahead Y48 at Y1,020.

Banks, which had been battered on Monday, recouped their losses. Industrial Bank of Japan rose Y70 to Y3,150 and Dai-Ichi Kangyo Bank moved up Y30 to Y1,890.

Profit-taking by corporations ahead of the March book closing hurt some retailers. Ito-Yokado, the supermarket chain, receded Y30 to Y5,170. Hokuetsu Bank, a regional bank, slipped Y7 to Y552 on corporate selling.

In Osaka, the OSE average rose 200.66 to 20,401.22 in volume of 57.7m shares.

Roundup

Local issues affected the region's markets yesterday.

KUALA LUMPUR tumbled 4.5 per cent on renewed worries over forthcoming provincial elections, and further unwinding of positions following the market's year-end rally. The composite index shed 50.53 to 1,014.02.

Some analysts also pointed to the fact that excess liquidity was being drained by two large public share offers which are coming up: Petronas Dagang, the retail arm of Petronas, the oil group, and Hicom, the state industrial company.

SINGAPORE went down a further 2.7 per cent as sentiment was affected by the sharp fall in Malaysia. The Straits Times Industrial index ended 63.22 weaker at 2,256.05.

HONG KONG closed lower, pressured by late weakness on the futures market, after a day of seesaw trading, brokers said.

The Hang Seng index lost 109.15, or nearly 1 per cent, to 11,490.94 in HK$8.5bn turnover.

Hutchison Whampoa put on 25 cents at HK$41.25 after stating that it was raising its stake in Hong Kong International Terminals to 77.5 per cent.

Property companies fell steadily on profit-taking after recent strong gains. Cheung Kong lost 50 cents to HK$48.25, Sun Hung Kai Properties HK$1 to HK$66.50 and HK Land 30 cents to HK$27.70.

Banks were also depressed, with HSBC Holdings retreating HK$1 to HK$115 and Hang Seng Bank surrendering HK$1.50 to HK$73.50.

BOMBAY saw solid buying by foreign institutions, particularly from the US, lift equities by more than 3 per cent, and the BSE index gained 128.52 at 3,978.96.

Power companies were favoured, with Tata Power rising Rp170 to Rp2,140.

Elsewhere, Associated Cement moved forward Rp45 to Rp3,270 and Tata Iron and Steel added Rp7.50 at Rp254.

SEOUL moved up on bargain hunting in Kepco, the electricity monopoly, which ended the day's limit up at Won24,500, as well as activity in the banking sector. The composite index added 4.10 at 882.06, its third consecutive rise.

TAIWAN dipped by 2.1 per cent in thin turnover, with activity dampened by increases in short-term money market interest rates. The weighted index ended 122.37 down at 5,835.51 and turnover contracted to T$60.4bn from Monday's T$69.3bn.

BANGKOK dived below the 1,450 level on profit-taking in the textile, property and banking sectors. The SET index fell 13.99, or 1 per cent, to 1,447.60. Turnover came to Bt18.9bn.

AUSTRALIA ended slightly easier in spite of better than expected CPI data. The All Ordinaries index dipped 2.6 to 2,221.9.

SOUTH AFRICA

Gold shares ended off early highs in line with a further fall in the price of bullion but remained firm, with the index finally 47 up at 1,957. Industrials improved 6 to 5,456 and the overall index 24 to 4,763. De Beers added R2 at R107.

Karachi equities wobble after doubling in value

Farhan Bokhari on the Pakistani equity debate

Pakistani equities hit trouble a little later than their counterparts further east this year, but they finally succumbed with large-scale losses in the three days ending on Monday, when the KSE index dropped by some 248 points, or 10 per cent, to 2,202.21.

Brokers and market analysts termed this a "technical correction", predicting that the KSE's three-month rally would regain its momentum, although on "Black Sunday", January 23, the index lost a record 129 points, roughly 5.5 per cent, on the day. Their confidence seemed borne out yesterday when the index recovered 77.52 to 2,279.57 as domestic institutional, and later general support, outweighed the caution of foreign funds.

By the middle of last week a combination of factors, including political stability in the country, continued interest from foreign buyers and growing profitability in some sectors, had helped the market more than double in value since April last year.

The rate of climb accelerated spectacularly following the October election of Ms Benazir Bhutto as prime minister. The index, 1,369.61 before the October 6 polls, took off after the election results were announced, in anticipation of the return of political stability following a year of turmoil.

The subsequent election, in November, of Mr Farooq Leghari as president strengthened the government's hand further, as Mr Leghari had served as a loyal lieutenant of Ms Bhutto before coming to office.

Aside from political factors, continued foreign interest has attracted new investors. A recently launched $60m Pakistan fund from Morgan Stanley has been oversubscribed, attracting subscriptions worth $187m.

The Karachi equity market seemed tailormade to accommodate the explosion of US and other international investment interest in emerging markets last year, particularly in the final quarter, as speculators looking for quick profits vied with fund managers concerned, in some cases belatedly, to show a good spread of foreign equities in their portfolios.

"Pakistan is a very open market for investors as opposed to other countries. Here, there are no restrictions," says Mr Farrukh Khan, a broker at BMA Capital Management. Foreign investors have complete freedom to invest in stocks, and fully to repatriate capital as well as profits. There are, moreover, no taxes on capital gains. Foreign investors held stocks worth approximately $700m before the latest falls, some brokers said in their estimates.

Mr Aslam Motiwala, another broker, expects continued buying interest in the year ahead. Pharmaceuticals, banking and other financial stocks, chemicals and the energy sector are expected to be among the strongest performers, he adds.

Pakistan

Source: Karachi SE

Areas of concern include textile shares, widely expected to be among the largest losers this year due to the severe shortfall in the Pakistani cotton crop, and the consequent rise in prices of raw material. Almost one-third of the 652 companies listed on the KSE represent textiles, and their profitability affects the market's trend.

The APTMA (All Pakistan Textile Manufacturers Association), the largest association representing the industry, claims that at least 1.2m spindles out of a total of 6.5m have shut down during the past year due to continuing losses, while at least half a million more are at the risk of closure. Partly due to the cotton crisis, the government has been forced to lower its annual economic growth rate target from 7.5 per cent to 5.5 per cent.

Although other crucial macroeconomic performance estimates such as the balance of trade and foreign exchange reserves have improved, the lowering of growth targets has created some worries over this year's economic performance, and its effects on business opportunities for companies registered on the market.

Accordingly, opinion on the market's prospects cuts both ways. Many analysts, concerned with the break in the uptrend, also worry that fresh signs of political uncertainty could reverse the KSE rally.

Since 1985, three governments have been forced to leave office without completing their terms. Although Ms Bhutto's government appears to be stable, some analysts fear the prospect of fresh political infighting, which could eventually leave her in a similar position.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	MONDAY JANUARY 24 1994 US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	FRIDAY JANUARY 21 1994 US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX 1993/94 High	1993/94 Low	Year ago (approx)
Australia (69)	176.40	-1.0	174.82	124.69	160.53	166.70	-1.1	3.09	178.18	176.71	126.29	161.88	168.64	179.90	119.66	119.69
Austria (17)	187.13	-1.0	185.45	132.27	170.28	169.96	-0.8	0.94	188.98	187.41	132.85	171.67	171.31	191.92	134.72	134.72
Belgium (42)	162.22	-0.4	160.76	114.66	147.61	145.70	-0.2	3.95	162.89	161.54	114.51	147.97	146.06	166.01	138.95	139.02
Canada (107)	141.67	-0.8	140.40	100.14	128.92	134.47	-0.9	2.50	142.80	141.62	100.39	129.73	135.68	145.31	111.75	111.75
Denmark (32)	261.86	-0.8	259.50	185.09	238.28	241.83	-0.6	0.94	263.50	261.32	185.23	239.37	243.25	269.46	195.66	207.66
Finland (22)	144.75	-0.4	143.45	102.32	131.72	171.68	-0.8	0.60	145.31	144.11	102.15	132.00	173.01	146.91	65.50	66.06
France (99)	177.00	0.9	175.41	125.11	161.08	164.65	1.0	2.82	175.38	173.93	123.29	159.32	163.22	182.15	142.90	149.67
Germany (59)	128.65	-0.8	127.49	90.94	117.06	117.06	-0.1	1.79	129.00	127.94	90.69	117.19	117.19	142.38	105.56	109.21
Hong Kong (56)	476.22	1.3	471.95	336.62	433.36	472.15	1.3	2.31	470.21	466.33	330.55	427.16	466.21	506.56	225.77	237.15
Ireland (14)	205.21	-1.1	203.37	145.05	186.74	202.40	-1.0	2.75	207.53	205.82	145.89	188.53	204.45	207.53	129.29	140.14
Italy (68)	69.08	0.9	68.46	48.83	62.86	87.94	1.1	1.87	68.44	67.87	48.11	62.17	87.01	78.93	55.21	60.35
Japan (469)	134.69	-5.1	133.48	95.21	122.57	95.21	-4.6	0.86	141.90	140.73	99.75	128.91	99.75	165.91	100.97	100.97
Malaysia (69)	480.64	-0.5	476.33	339.75	437.38	511.37	0.3	1.42	482.79	478.80	339.39	438.59	510.03	621.63	258.19	260.44
Mexico (18)	2474.57	1.1	2452.37	1749.17	2251.81	8402.13	1.1	0.60	2447.13	2426.89	1720.26	2223.03	8310.32	2474.57	1410.30	1675.48
Netherland (26)	203.62	0.1	201.80	143.94	185.30	182.30	0.4	2.91	203.37	201.69	142.96	184.75	181.63	203.67	153.15	155.70
New Zealand (14)	70.53	-0.9	69.90	49.86	64.19	68.13	-0.8	3.54	71.16	70.57	50.02	64.65	66.70	71.75	40.96	40.96
Norway (23)	195.21	0.1	193.46	137.99	177.64	199.28	0.2	1.28	194.99	193.37	137.07	177.13	198.92	196.63	136.46	144.79
Singapore (45)	341.40	1.4	338.34	241.32	310.67	252.74	1.5	1.63	336.81	334.02	236.77	305.97	248.99	378.92	212.77	212.77
South Africa (60)	248.35	-1.8	246.12	175.55	225.99	240.74	-1.1	2.35	252.84	250.85	177.81	229.78	243.53	280.26	156.20	156.54
Spain (42)	144.12	-0.4	142.82	101.87	131.14	155.96	-0.5	3.84	144.67	143.47	101.70	131.42	156.80	146.48	116.33	129.02
Sweden (36)	220.38	0.7	218.41	155.78	200.55	262.37	0.4	1.33	218.83	217.02	153.83	198.79	261.29	220.38	149.69	158.43
Switzerland (49)	167.65	0.1	166.15	118.51	152.56	152.18	0.1	1.43	167.40	166.01	117.68	152.07	152.12	189.15	109.14	114.63
United Kingdom (215)	213.18	-0.1	211.26	150.69	193.99	211.26	-0.1	3.41	213.29	211.52	149.94	193.76	211.52	213.29	162.00	171.67
USA (516)	191.82	-0.6	190.10	135.59	174.56	191.82	-0.6	2.72	192.88	191.29	135.59	175.22	192.88	193.24	176.29	178.46
EUROPE (744)	172.78	0.1	171.23	122.13	157.23	167.42	0.1	2.71	172.60	171.17	121.33	156.79	167.23	173.63	134.16	138.66
Nordic (113)	210.61	0.2	208.72	148.87	191.65	219.24	0.0	1.14	210.17	208.43	147.74	190.92	219.22	212.08	142.13	148.68
Pacific Basin (722)	148.16	-4.1	146.83	104.73	134.83	108.05	-3.7	1.14	154.55	153.28	108.65	140.40	112.19	166.80	106.17	106.17
Euro-Pacific (1466)	158.25	-2.3	156.83	111.86	144.01	130.77	-2.0	1.85	161.91	160.57	113.82	147.08	133.45	162.87	119.33	119.33
North America (623)	188.70	-0.6	187.01	133.38	171.71	187.86	-0.6	2.71	189.76	188.19	133.40	172.38	188.93	190.01	172.67	174.34
Europe Ex. UK (529)	148.25	0.2	146.92	104.79	134.90	142.18	0.3	2.25	147.94	146.71	103.99	134.39	141.81	150.17	115.10	118.58
Pacific Ex. Japan (253)	276.52	0.3	274.04	195.46	251.64	255.71	0.4	2.37	275.63	273.35	193.76	250.39	254.70	296.21	155.37	157.07
World Ex. US (1651)	160.40	-2.2	158.96	113.38	145.96	134.10	-1.9	1.86	163.94	162.58	115.25	148.93	136.72	163.94	120.47	120.47
World Ex. UK (1954)	165.76	-1.7	164.27	117.17	150.84	146.64	-1.6	2.04	168.69	167.30	118.59	153.24	148.66	168.69	135.99	135.99
World Ex. So. Af. (2109)	169.42	-1.6	167.90	119.76	154.17	151.34	-1.4	2.16	172.10	170.68	120.98	156.34	153.51	172.10	139.07	139.07
World Ex. Japan (1700)	189.95	-0.2	188.24	134.26	172.85	188.26	-0.2	2.65	190.42	188.84	133.86	172.86	188.70	191.28	159.44	160.46
The World Index (2169)	169.87	-1.6	168.35	120.08	154.58	152.07	-1.4	2.18	172.57	171.14	121.31	156.77	154.25	172.57	139.09	139.09

Latest prices were unavailable for this edition